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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. XI, No. 1. JULY, 1926. Price, $1.00 a year.

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JUL 31 1926
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MEETING SCHEDULE

PENNSYLVANIA—Reading, July 13.
TENNESSEE—Whittle Springs Hotel, Knoxville, July 23.
ILLINOIS—Chicago, Hotel Morrison, 3 P. M., July 30.
MARYLAND—Baltimore, September 7.
OHIO—Annual and biennial managers' meetings of the Aufderheide and Mackey organizations, September 13, 14, Cleveland.
OHIO—Annual meeting, O. I. L. A., Cleveland, September 14.
OHIO—National Convention, Cleveland, September 15, 16, 17, Statler Hotel.
CONNECTICUT—Farmington, October 13.
VIRGINIA—Norfolk, October 15.
MICHIGAN—Detroit, October 21.
INDIANA—Terre Haute, November 17.

The First Annual A. I. L. A.

STUNT FROLIC

In connection with

TWELFTH ANNUAL CONVENTION

will be held at

"REGNATZ"

Cleveland, Ohio

SEPTEMBER 15, 1926

Afternoon and Evening

Rain or Shine

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"Don't Miss It"

PRIZES FOR EVERYBODY

Further details with complete program will follow

Please send your suggestions for contests, stunts, etc., to

F. J. SCHNEIDER
Chairman of Entertainment Committee

2063 East Fourth Street
Cleveland, Ohio

NEW JERSEY OUTING

By Robert A. Bell,
Senior Instructor, Industrial Lenders Technical Institute

The First Annual Outing of the New Jersey Industrial Lenders Association was held at Bigget's Inn, Sea Girt, June 18, 1926. The morning was devoted to a brief business meeting, after which lunch was served. Seventy-five were present.

The afternoon was given over to games and races, consisting of: potato race, ladies' fifty-yard dash, fat man's race, three-legged race, sack race, quoit game, and a baseball game between a team composed of Independents and another team picked from the Beneficial group.

Potato Race

This race did not consist of peeling potatoes and eating them, but of running after four little potatoes, picking up the defenseless creatures and depositing them in a basket. Messrs. Irish, Baird, Wyckoff, Baldwin, and Bell were the contestants. The winner was Bell of the Industrial Lenders Technical Institute.

Ladies' 50-Yard Dash

The ladies clamoring for recognition were given a chance to show their speed. Although having eaten a heavy luncheon and despite a broiling New Jersey sun, three contestants finished out of the five running in the event. Those competing were Mrs. Klein, Mrs. Gottlieb, Mrs. Warden, Miss Tennylory, and Mrs. Eardensohn. Needless to say, because of her sturdy constitution fostered by her residence in New Jersey's famous health resort, Mrs. Warden of Atlantic City, won the event.

Fat Man's Race

Even Nurmi and Paddock would have had little chance, if any, in this 100-yard dash. A. E. Montgomery (a 268-pounder, more or less) of Jersey City, and "Big Bill" Young (265 pounds, less or more), both of whom would make even the thinnest man look thinner, showed their fleetness of foot by dashing (?) the hundred in ten seconds (plus). Because of the coolness of the day, two heats were required. The first resulted in a tie, both crossing the tape at the same time. In the second heat, Mr. Montgomery, having an advantage of six inches "fore and aft" over "Big Bill," won by one-half of a stomach. This race was the event of the day. It was thoroughly enjoyed by all spectators, as well as by the contestants themselves.

Three-Legged Race

When this race was announced, five self-sacrificing men had their legs amputated to be prepared for the race. The entries were paired thus: Warden-Kaiser, Eardensohn-Kreps, Bell-Wyckoff, Kelber-Matthews, Buchman-Kovac. At the sound of the gun, five pairs of human figures, each hobbling on three legs, made a pathetic sight on the long course. First one would get ahead and then fall by the wayside, and then another. Instilled with the struggle for victory, they would arise and go on. When the tape was reached, two pairs crossed at the same time. Bell-Wyckoff and Buchman-Kovac were tied. Something had to be done! The judges decided that they run off the tie. Their decision was enforced and the tie was run off. Buchman and Kovac won by a nose.

Sack Race

Not to be outdone by the others, five men presented themselves for this gruelling race—a race which any sane man would hardly consider entering; yea, even watching. Some people have said that it was as cruel as the Mexican bull fights. However, as the program called for a sack race and there being sacks enough, Messrs. Wyckoff, Meyer, Kovac, Bell and Buchman came forward and offered themselves for the amusement of the crowd. Time was no element to be considered. Buchman won!

Quoit Game

When questionnaires were sent out as to what game was most desired, letters swamped the committee requesting that quoits be played. To give each player's name would require a handbill. Preliminaries eliminated some; semi-finals eliminated others. The finals consisted of the deadly rivals: Kelber-Matthews against Meyer-Bohm. Meyer and Bohm won, 21-1. It is said that Kelber sold out for a cigar, although this has not been substantiated at the time of going to press.

Baseball

Two carefully selected teams were pitted one against the other. It was said that finer teams had never played ball at Bigget's Inn.

Independents	*Beneficial*
Buchman, ss	Kelber, lf
§Alberse, lf	Matthews, 3b
Kemper, c	*Kaiser, ss
Ward 3b	Eardensohn, c
Raune, cf	Kreps, 1b
Atgar, 2b	Meyer, cf
Doremus, rf	Bell, p.
Montgomery, 1b	Baldwin, rf
Bolt, p	Klein, 2b

§Ran for Montgomery in fourth
*Hallowell for Kaiser in second.
Umpire: Young-Kovac. Innings, 4.

INDUSTRIAL LENDERS NEWS

Established 1916.

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

NATIONAL OFFICERS, 1925-1926.

Chairman, E. P. East, 605 Colonial Trust Bldg., Philadelphia.

Treasurer, C. H. Watts, 468 Fourth Ave., New York City.

Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

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Md.—C. Howard Hood, 455 Calvert Bldg., Baltimore.

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Mich.—Norman Buckner, 5 S. Saginaw St., Pontiac.

N. H.—F. A. Brodeur, 999 Elm St., Manchester.

N. J.—P. L. Alberse, Romaine Bldg., Paterson,

Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.

Pa.—W. Young, 220 S. 16th St., Philadelphia.

R. I.—G. E. Rich, 26 High St., Pawtucket.

Tenn.—O. H. May, 201 Day Bldg., Knoxville.

Va.—L. E. Pope, 206 E. Grace St., Richmond.

W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.

Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.

Finance, W. P. Woll, 360 N. Michigan Ave.

Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.

Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.

Publicity, L. K. Osborne, 32 Ruggery Bldg., Columbus, O.

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Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.

Me.—H. S. Crosby, 163 Main St., Lewiston.

Md.—J. Rosenfield, 941 Equitable Bldg., Baltimore.

Mass.—C. C. Rock, 209 Tremont Bldg., Boston.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.

N. H.—Sarah F. French, 413 Amoskeag Bank Bldg., Manchester.

N. J.—V. L. Buchman, 203 E. State St., Trenton.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penn.—W. S. Herron, 404 Denckla Bldg., Philadelphia.

R. I.—E. La Gueux, 76 Dorrance St., Providence.

Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.

Va.—F. Bray, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

STATISTICS

	Independents	*Beneficial*
Runs	29	11
Hits	Quite a few	Not so many
Errors	Some	A lot

Many home runs were made, in fact, so many that it would be unwise to mention them, due to hurting the feelings of individual members of the Beneficial team. The outstanding star was Matthews. He made a spectacular catch, fell to earth facing the sun, yet retained the ball. The end of the game finished the outdoor activities.

Dinner consisting of the menu below, followed:

Steamed Clams Bigget
Clam Broth Saltines
Hearts of Celery Queen Olives
Clam Chowder
Broiled Baby Lobster
Saratoge Pomme Lemon Sherbert
Baked Blue Fish
Baked Irish Cobblers
New Asparagus
Crab Meat Salad Royal
Old Fashioned Strawberry Shortcake
Demi Tasse
Rolls Mints

In this contest, Bill Young and A. E. Montgomery tied. It was decided, however, not to start over again, as many of the lighter eaters were becoming filled to capacity.

The day was thoroughly enjoyed by all. When we left, we were calling each other Albert, John, Bill, Vernon and Chauncey —not Mr. Eardensohn, Mr. Irish, Mr. Young, Mr. Buchman or Mr. Van Horn. The outing fostered friendships and made a day which will not soon be forgotten.

NEW JERSEY

The quarterly session of the New Jersey Industrial Lenders Association was called to order June 18th, at Biggot's Inn, Sea Grit, N. J., by P. L. Alberse, Chairman.

The roll call was responded to by the following members:

American Equity Corporation.
American Loan Company of Camden.
Beneficial Loan Society, Jersey City.
Beneficial Loan Society, Newark.
Beneficial Loan Society, Orange.
Beneficial Loan Society, Paterson.
Beneficial Loan Society, Trenton.
Beneficial Loan Society, Elizabeth.
Beneficial Loan Society, Camden.
Bergen County Loan Ass'n, Hackensack.
Community Finance Service, Inc., Elizabeth.
Community Finance Service, Inc., Jersey City.
Community Finance Service, Inc., Atlantic City.
Community Finance Service, Inc., Camden.
Community Finance Service, Inc., Newark.
Equitable Loan Society, Newark.
Household Finance Corp., Jersey City.
Household Finance Corp., Newark.
Household Loan Company, Trenton.
Mercer County Loan Ass'n, Trenton.
Newark Cash Credit, Newark.
Newark Cash Credit, Jersey City.
Newark Cash Credit, Asbury Park.
Personal Finance Co., Jersey City.
Protective Investment Company, Paterson.
Standard Loan Company, Jersey City.
Van Horn Agency, Trenton.
Van Horn Agency, New Brunswick.

VISITORS

J. W. Myer, Allentown, Pa.
Joseph Waldo, Elizabeth, N. J.

Minutes of the Executive Meeting were read by the secretary. Motion was made and duly seconded that they be adopted and that action be taken before the body at its regular meeting.

The Bloom resolution, amending Section 18 of the By-Laws, was read and discussed. Motion was made and duly seconded that the resolution be laid on the table, as Mr. Bloom was not present to talk on same.

A motion, made by Mr. Young, and duly seconded by Mr. Badger, that the secretary be sent to the National Convention to represent the N. J. I. L. A., carried.

The following is the report of Mr. Montgomery, Chairman of the Membership Committee:

Eleven applications for membership presented with checks for dues attached. The secretary read the names of the applicants listed below:

Everready Loan Company, 665 Newark Ave., Jersey City.

New England Equity Corp., 1205 Broadway, Camden, N. J.

Plaza Loan Society, Inc., 100 Sip Ave., Jersey City.

Newark Cash Credit Co., 31 Mercer St., Hackensack, N. J.

Newark Cash Credit Co., 988 Bergen Line Ave., Union City, N. J.

Newark Cash Credit Co., 519 Main St., East Orange, N. J.

Newark Cash Credit Co., 137 East State St., Trenton, N. J.

Newark Cash Credit Co., 415 Market St., Camden, N. J.

Newark Cash Credit Co., Levy Building, Elizabeth, N. J.

Equitable Loan Society, 587 Summit Ave., Jersey City, N. J.

Equitable Loan Society, 55 Broad St., Elizabeth, N. J.

A motion made by Mr. Young that the above enumerated applicants be elected to membership, which was seconded by Mr. Van Horn, carried. The opportunity was taken at this time to compliment Mr. Montgomery on this splendid report.

D. H. Cameron, of the Publicity Committee, reported progress.

John J. Irish, of the Entertainment Committee, submitted a written report as follows:

The report of the Entertainment Committee on the banquet for March, 1926:

Appropriated by the Association, $500. The sale of 205 tickets at $5 a ticket, $1,025; total, $1,525. The total expenditures covering entertainment, meals, etc., were $1,307.52, leaving an amount of $217.48 which was returned to the Association, making a cost of $282.52 to the Association. Signed: J. J. IRISH.

J. C. Van Horn, Chairman of the Executive Committee, reported progress and stated that Mr. Watts, chairman of a special committee, would report at the next meeting the details of a very satisfactory interview with the Deputy Commissioner and also the Secretary of the Civil Service Commission as to the cost and method the department will pursue under their revised plan as to auditing and inspecting small loan offices.

A motion, made by Mr. Badger, duly seconded by Mr. Simonson, that the re-

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port of the committees be adopted with thanks, carried.

VERNON L. BUCHMAN, *Secretary.*

COMMUNICATIONS

CHICAGO, June 14, 1926.

DEAR MR. KEHR:

Do you savvy a Salary Buyer? You don't! Well, an S. B. is a Shadow Boxer. He says he is buying your salary but he ain't, he's buying you.

Young Joe Bing is a wagon boy for the Amryex. Over a year ago Joe meshed for $25.00 worth with an S. B. who calls himself Account Brokerage Co. Payments followed at $2.50 per each two weeks until Joe had rolled up a score of $60 in this S. B.'s favor.

Joe is a consistent performer, as two year-olds go, but he can't untrack himself in the mud, and last pay day it was raining.

This S. B. may be all right in some ways, but he ain't got no use for slows. So when Joe fell this S. B. sent him a letter saying that if Joe didn't feel life p. d. q. this S. B. would personally put on his hat and go over and talk words to Joe's foreman, and if that didn't do no good he would make the paymaster hold up Joe's pay so that Joe wouldn't get no more dollars until he'd got more sense.

Now I say that this S. B. is too strong. It was all right for him to buy Joe for $25, for Joe ain't worth no more, but this S. B. shouldn't expect to have a foreman and a paymaster thrown in on the bargain, that is not for no $25.

BEN BLEDSO.

BOSTON, June 18, 1926.

DEAR MR. KEHR:

The *Political Science Quarterly,* published at Columbia University, as, as you know, a standard periodical among political and social scientists and economists. In its June, 1926, issue there is a review of Mr. Ryan's book on Usury from which the following sentence is valuable:

"It argues—and as regards the needy borrower for consumption, very persuasively—that to stigmatize the lender who takes only cost and fair profit as a 'usurer' and 'law-breaker' reacts against the borrower by driving all but the shark out of the lending field. It properly advocates the small loan law as one based on sound study and proved in practice: a special, rather than a general statutory maximum, adapted to its own case."

I send this to you for your own interest and for use in the LENDERS NEWS if you wish.

With my best regards, I am,

Sincerely yours,

REGINALD HEBER SMITH.

KNOXVILLE, TENN., June 21, 1926.

DEAR MR. KEHR:

I have your letter under date of June 12th, making inquiry as to the date of our July meeting which has been fixed as July 23d, to be held at Whittle Springs Hotel, a Summer Resort located about three miles north of Knoxville.

I thought I would give the boys something new in holding our meeting in the open as much as possible, as July is a very hot month, and we thought the boys would enjoy it much more than being confined to down-town hotels.

Whittle Springs is a nationally known summer resort with its several different mineral waters, bathing beach, eighteen-hole golf course, horseback riding, dancing pavilion, its wonderful hotel facilities, and many other features too numerous to mention, which is owned and operated by Kerbela Temple of the Masonic Shriners, and we never fail to give it a boost when we have the opportunity.

There is no other news of much importance at this time.

Your very truly,

O. H. MAY, *President.*

PHILADELPHIA, June 23, 1926.

DEAR MR. KEHR:

At a meeting of the Philadelphia Industrial Lenders Exchange Bureau, held Friday, June 18th, it was decided to request you to give some space in the next issue of the LENDERS NEWS, of a case which recently came up.

The Industrial Investment Co. of Lebanon recently had an application from a party that had moved from Philadelphia in a hurry. Mr. Erdman became suspicious of them applying for a loan after such a short residence in his city, and requested us to clear this name through our Bureau.

We did so, and found that he was a skip from both companies and that he owed them each a balance. Mr. Erdman's letter is enclosed.

Our Bureau thought that this might be good propaganda for future Exchange Bureaus, and also show how efficiently our Philadelphia Bureau is working.

Hoping you can find some room for this account, I am

Very truly yours,

W. F. BUCK.

CLEVELAND, June 24, 1926.

DEAR MR. KEHR:

I thank you for your several letters relating to the entertainment program for the A. I. L. A. Convention, and we wish to take this opportunity to assure you that the arrangements in Cleveland are proceeding in a highly satisfactory manner.

The program of athletics and stunts will be handled in such a manner that everybody is guaranteed a good time, rain or shine; and as preliminary publicity for the July issue of the NEWS, I enclose an ad that I hope you will be able to publish for us in good sized black-faced type, with ample space on the front page, if possible.

I enclose a circular with some description of the "Regnatz" Resort. If it is possible to get one or more of these pictures in the NEWS, it might be desirable to do so in connection with our publicity. Our plans now are to have a complete program printed in the form of a circular and sent to each member, as well as having the programs printed in the August issue of the NEWS. The dinner will be approximately as indicated on the "Regnatz" circular.

The program of sports and stunts will be put on by an organization which is now being perfected and it is guaranteed to go over "big." If the weather is bad our plans will go through just the same indoors, with the exception, possibly, that bad weather would do away with the baseball games. I will keep you advised as to progress here.

Very truly yours,

F. J. SCHNEIDER,
Chairman, Entertainment Committee.

COLUMBUS, OHIO, July 6, 1926.

DEAR MR. KEHR:

The subject of this letter might be capped "transferring accounts." I don't know how the men in other offices find this item that comes to their desks but in Columbus I believe we are handling more accounts than any other of the sixteen offices. At this time we have forty-seven accounts for offices outside of Columbus.

Quite frequently accounts will be sent to us with very little information on them. We are always pleased to handle these accounts for out-of-town organizations for we add customers to our business in so doing. This month so far we made five loans as a result of handling out-of-town accounts. This based on the advertising cost of business in Columbus has been quite a help to our business, but why don't the boys realize that if we have a man's age, his wife's name, his present occupation, his color and the conditions around that account, it enables us to approach him very effectively, even the first time. Some borrowers have a pet excuse that they are offering continually. To know this before we approach a man is very helpful. It enables us to offset excuses that he might want to offer or to make demands that would get results without having to call six or eight times in so doing.

Even with our accounts, and it is more true of transfers or skips, the party handling it never has too much information, but usually suffers from a lack of it. Be a little more descriptive, boys, in sending your accounts to other offices. Give the other fellows the advantage of all you have gained in handling the account and you can expect better and quicker results than could otherwise be obtained.

This is not a criticism, just a suggestion, and I hope that all who see it will take it that way. Yours truly,

THE CAPITOL LOAN CO.,
B. L. THUMA, *Mgr.*

LOAN SHARKS REFUSE PLAN OF LEGAL AID BODY

Seven Points Are Set Out by Society for Changing the Present System

160 COMPANIES WORK HERE

State-Wide Campaign of Reform Is Launched—Legislative Changes Sought

A program for revision and reorganization of the Atlanta system of buying salaries and wages, submitted by the Atlanta Legal Aid Society, has been rejected by representatives of leading loan companies, according to J. L. R. Boyd, general counsel of the Legal Aid Society.

The program called for an agreement on these points:

1. Establishment of a credit clearing house, under guidance of which the business was to be operated.

2. Elimination of existing companies, with substitution of a group of no more than 12 companies to conduct the business under strict supervision.

3. Recognition of the rights of the family in all wages, and release by wife where children are dependent on the wages.

4. Requirement of state and city license,

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bonds and supervision by the State Department of Banking.

5. Exemption of certain portions of wages from garnishment as against claims of wage buyers.

6. Limitation of the number of renewal contracts.

7. Limitation of the rate of discount on wages sold by small wage earners.

Pending legislation along these lines, Mr. Boyd said, he suggested to representatives of loan companies that the old business be ended and a smaller group handle the business under a plan for a credit clearing house to be devised by himself, J. F. Gordy, secretary of the Junior Chamber of Commerce, and a third member, serving as a board of supervisors.

OUTLOOK DARK

"While we have great confidence in the attorneys representing the loan companies," said Mr. Boyd, "it is plain they cannot control the majority of their clients, and any efforts to have the business policed through an organization of salary buyers appears to be hopeless."

Mr. Boyd and other workers for reform in the "salary-buying" business, where, practically without regulation, 160 companies operate in Atlanta, charging an interest or discount rate of 10 to 40 per cent a month, and developing a situation that has brought about a widespread demand for elimination or for curbs upon their practices, have crystallized in a definite campaign by the Junior Chamber of Commerce, in league with the thrift committee of the Atlanta Chamber of Commerce, the Legal Aid Society and other agencies, to this end.

OTHER CHANGES

As an outgrowth of the campaign, a state-wide move for legislation to restrict operation of "salary buyers" will be pressed, leaders said Saturday, in spite of the attitude of the loan companies. The proposed legislation, besides the points enumerated in Mr. Boyd's negotiations, includes also these points: The giving of duplicate contracts to customers, the registry, numerically, subject to inspection by the public, of all contracts; the regulation of transfer of wages and salary earned in amounts less than $300 a month; the demand for delivery of all wages and salary sold, where earned bi-monthly, by employers; the voiding of all contracts conveying wages unearned beyond current period, and a penalty for violation or evasion of the law.

The fees stipulated in the proposed law are 50 cents a month on $5, 75 cents on $10, $1 on $15, $1.25 on $20, $1.50 on $25, $1.75 on $30, $2 on $40, $2.50 on $50, $2.75 on $75, and $3 on $100.—*Atlanta Georgian*, June 13, 1926.

NEW EDUCATIONAL DIRECTOR

On June 2, 1926, Mr. David H. Finck, formerly Efficiency Director of the Beneficial Operating Bureau, was appointed Educational Director of the Industrial Lenders Technical Institute.

Born in Boston, Mass.; graduated Boston English High School; graduated Harvard College, specializing in Economics and Government, degree of A.B.; attended Harvard Graduate School of Arts and Sciences, research in economics; graduated Harvard Graduate School of Business Administration, degree of Master of Business Administration; Instructor of Industrial Management at Harvard Graduate School of Business Administration for two years, conducting lectures and writing test cases in the following courses: Industrial Management, Industrial Management Research, Factory Problems and the Taylor System and Labor Management. During the war he was a member of the U. S. Navy attached to the S. S. Naval Unit at Harvard College as an instructor of enlisted men training for ensign's commissions. For several years, was engaged in developing scientific management in many factories, offices, and retail establishments.

Mr. Finck was a well-rounded, practical experience as a consultant as an executive, as a teacher of adults.

He is a member of the following scientific societies: American Management Association, Academy of Political Association, National Association of Cost Accountants, Taylor Society.

HAS MAN RIGHT TO SELL HIS INCOME?

New Kind of "Loan Company" Operates Among Wage-Earners

BY EDNA K. WOOLEY

It seems that a new way of getting money from those unfortunates who need to borrow funds has been unearthed in Cleveland by the Legal Aid Society of this city.

According to Claude E. Clarke, Executive Secretary of the society, a number of firms calling themselves "purchasing companies" or "service companies," are "buying" the wages of workingmen at a charge of something like 20 per cent a month for the use of the money.

Explaining the method of these "wage purchasing" concerns, Mr. Clarke stated that the man in need of ready money on the first of the month, for instance, but who must wait until the 15th for his wages of $50, may "sell' his pay envelope of $50 for $45 cash in one of these companies, the company accepting from the wage-earner an assignment of his wages. This assignment is presented to the employer if the contents of the pay envelope are not turned over to the company promptly on the 15th of the month.

To prevent the presentation of such an assignment, the employe, says Mr. Clarke, usually "sells" his wages for another week or half-month, and frequently this goes on for an indefinite period, amounting to a continuous loan at a cost of 20 per cent per month to the employe.

These "service" or "wage purchasing" companies claim that they are doing a legitimate business and that a wage-earner has the same right to sell his income as he has to sell his property. So far they have operated mostly among railroad employes, taking in the higher salaried clerks as well as the laborers.

The Legal Aid Society now has a test case in the courts to decide whether such a procedure is a purchase or a loan. Licensed loan agencies are permitted to charge no more than 3 to 5 per cent a month, according to the type of loan. Coöperating with the Legal Aid Society are the Brotherhood of Railway Trainmen, the Big Four Railroad and the Better Business Bureau of Cleveland.

"There is a growing tendency of the courts to limit the rights of an individual in favor of protection to his family," Clarke said. "For example, a married man cannot get a loan from a licensed loan company without his wife's signature. Yet in Ohio a man in order to get cash may continue to 'sell' his wages, reducing his available income 20 per cent a month, until his home becomes bankrupt and is a charge on the family relief organizations."

Other cities where wage purchasing has drawn fire are Cincinnati, Minneapolis, Baltimore, and Atlanta. Clarke said that Baltimore companies had gone out of business following decision by the courts that the practice is one of loaning rather than purchasing. In Atlanta he said there are 112 cases now in court and that fourteen indictments are out for officials of wage-purchasing companies.—*Cleveland News*, June 2, 1926.

LIABILITY OF MEMBER OF CREDIT ASSOCIATION PLACING CUSTOMER ON "DEADBEAT" LIST

Mercantile agencies and members of mutual credit associations are generally permitted greater latitude in making statements concerning the financial standing of other persons than is permitted to individuals.

Statements of this kind come under the head of qualified privileged communications. This class includes communications made in good faith and without actual malice, with reasonable or probable grounds for believing them to be true, upon a subject matter in which the author has an interest or in reference to which he has a duty, and made to a person having a corresponding interest or duty. The fact that a statement is qualifiedly privileged relieves the author from the presumption of malice which would otherwise obtain.

Concerning the status of mutual credit associations, the following rule is expressed in 36 Corpus Juris, page 1267:

The doctrine of qualified privilege has been applied to information furnished to members or subscribers by mutual protective associations. On the other hand, it is held that, where such an association is formed, not for the purpose of keeping its subscribers informed as to the credit and standing of the parties with whom they deal, but of blacklisting delinquent debtors in order to compel the payment of debts already due, publications made in furtherance of such a purpose are not privileged.

The doctrines above expressed are applied in the case of Ideal Motor Co. v. Warfield, 277 S. W. Rep. 862, recently decided by the Court of Appeals of Kentucky.

It there appeared that the retail merchants of Hopkinsville, Ky., including the defendant, Ideal Motor Co., a retail automobile dealer, formed an organization known as the Hopkinsville Retail Merchants' Credit Association, having some 40 or 50 members. Each member furnished to the association the total list of his credit customers, dividing them into the following four classes: (1) good; (2) poor or slow; (3) undesirable; (4) D. B. (meaning deadbeat).

The fourth class was defined by the rules of the corporation in the following terms:

Those persons who wont pay; who give no attention to their bills, who avoid

the creditor and his collectors, who do not realize their obligation to pay, who never pay voluntarily, and those who do not want to pay their debts, whether the said persons embraced in the said subdivisions be legally solvent or not.

Mrs. Warfield, the plaintiff, was included in the fourth class in the report of the Ideal Motor Co. After learning of the fact she brought this suit.

By way of defense, the defendant company alleged that the reports were confidential, that copies were furnished to members of the association only and that it was agreed that no member should exhibit the list to any person who was not a member of the association and that the contents would be held entirely confidential.

The defendant further pleaded that the report concerning the plaintiff was true.

Upon the trial, a verdict was found in favor of the plaintiff for $2,700. This was reversed upon appeal and a new trial granted on the ground of certain errors committed at the trial.

One of the errors was the court's action in limiting the number of witnesses which the defendant might produce. The defendant had 21 witnesses ready to testify that the reputation of Mrs. Warfield for paying her debts was bad. After 13 witnesses had testified, the court refused to permit the defendant to place any more upon the stand. It was held that this was an error on the part of the trial court for the reason that the reputation of the plaintiff was the gist of the case.

It also appeared that the trial court erred in instructing the jury to find the expression "deadbeat" as meaning "a cheap swindler or defrauder of a very low grade." The appellate court held that the trial court should have defined the expression "deadbeat" as it was defined in the rule of the association quoted above.

MARYLAND

The June meeting of the Maryland Industrial Lenders Association was called to order promptly at 7:30 p. m. in the Board Room of the Baltimore Association of Commerce, Tuesday, June 8th, by Vice-Chairman Turner, Chairman Hood being absent from the city.

There were fifteen members out of twenty-eight reported present.

Treasurer Baseman reported all bills presented to his office to date had been paid, leaving a balance of $210.68 in the treasury.

Mr. Holden, of the Publicity Committee, reported progress being made by his committee.

Mr. Sutton, of the Vigilance Committee, who had just succeeded to this post, reported that he was getting his committee to function.

With a view to increasing the attendance of all the members of the Association, the secretary suggested that accounts that had proved themselves obviously bad risks and undeserving of credit, and the names of skips should be presented at the meeting nights of the Association, to be read to the members present. This idea was favorably received, it appeared; Mr. Mattingly taking the negative side and suggesting that the members present take the matter under advisement. The suggestion was, therefore, tabled until the next meeting.

The secretary was elected as delegate to the National Convention of the Maryland Industrial Lenders Association, which is to be held at Cleveland, Ohio, September 15th, 16th and 17th. The Association will, therefore, be represented by Messrs. Hood and Rosenfield at the convention.

J. L. Rosenfield, *Secretary.*

ILLINOIS

Here is the Seventh Annual Report of the Department of Trade and Commerce, Division of Small Loans, July 1, 1923, to June 30, 1924:

"During the fiscal year ending June 30, 1924, no matter of special moment has been called to the attention of this division. The records of the division show that there were at the close of the fiscal year 146 licensed lenders operating under the Small Loan Law, an increase of seven over the previous year.

"While this report of the activities of the division covers the fiscal year from July 1, 1923, to June 30, 1924, licenses are issued by the department for the calendar year. All licenses expire on January first, following the date of issue. The license fee is fifty ($50.00) dollars per year. Licenses, however, are issued after July first of each year, to expire January first, for a fee of twenty-five ($25.00) dollars.

"The division endeavors to examine the books of each licensee twice each year and every office is visited and examined at least once each year. Additional examinations are made whenever the situation seems to demand such attention. The examinations are made by an official bearing the title of Small Loan Examiner, working under the direction of the General Office.

"Complaints of unjust treatment or unwarranted exactions practiced by licensees in their dealings with borrowers are promptly investigated, and the wrong, if any exists, is quickly corrected. In justice to the licensed lenders of Illinois we may say that few complaints of unfair treatment are registered with this division.

"The Small Loan Law has been in operation in Illinois eight years and during that period a splendid spirit of coöperation has developed between the licensees conducting business under provisions of this law and the officials whose duty it is to administer the law.

"The relation of the division to the various licensees has been one of coöperation and the licensees have been prompt in complying with the suggestions and requirements of the division. The division has not had occasion to revoke any licenses during the fiscal year.

"The total number of licensees in the state is one hundred and forty-six (146). Of this number sixty-eight (68) are in Cook County and seventy-eight (78) in down-state counties.

"The following tables afford a statistical review of the activities of the Division of Small Loans:

"Small Loan Division—July 1, 1923, to June 30, 1924

"Licenses issued in Cook County	68
Licenses issued down state	78
Total	146
"Removal consents given in Cook County	7
Removal consents given down state	4
Total	11
"Examinations made in Cook County	65
Examinations made down state .	93
Total	158"

PENNSYLVANIA

The regular meeting of the Pennsylvania Industrial Lenders Association was held on Thursday, May 6, 1926, at the City Club, Philadelphia, at 10 a. m.

Minutes of the last meeting were read and approved; however, attention was called to a correction. The exception being, that the proposal to increase the Executive Committee from nine members to eleven, was referred to the Executive Committee and was not passed at the previous meeting of the Association. Correction accepted.

Secretary's Report

Members' dues to June 30, 1926 ..	117
Members' dues delinquent	7
	124
New members since last meeting ..	4
Total membership	128

Treasurer's Report

The treasurer reported that after all bills were paid there was a balance of $1,428.08 in the treasury.

Report of Executive Committee

A meeting of the Executive Committee of the Pennsylvania Industrial Lenders Association was held at 10 a. m., on March 20th, at the headquarters' rooms of the Community Finance Service, 220 S. Sixteenth St., Philadelphia.

Those present: Messrs. Young, Devine, Moss, Webster, Herron, and Watts.

On motion of Mr. Devine, seconded by Mr. Moss, Messrs. Young and Herron were authorized to see an attorney with reference to representing the Association on an annual retainer basis, and to report at the May meeting.

On motion of Mr. Webster, seconded by Mr. Herron, it was unanimously agreed the membership of the Executive Committee should not be increased from nine to eleven.

On motion of Mr. Young, seconded by Mr. Webster, 1,000 copies of the by-laws are to be printed and to be distributed among the members, the balance of the supply to be placed in the secretary's hands.

Mr. Webster announced the annual meeting date as November 18, 1926, at the Bellevue-Stratford Hotel, Philadelphia, which was approved.

On motion of Mr. Moss, seconded by Mr. Webster, the committe went on record as being opposed to the proposed plan of the collection of State and National Association dues through the State Secretary.

Respectfully submitted,
Charles H. Watts,
Chairman Executive Committee.

Upon motion of Mr. Kline, seconded by Mr. Moore, the report of the Executive Committee was received and ordered spread upon the minutes.

Publicity Committee

Chairman Mr. Moore reported committee had been very active, having had at the previous meeting held in Wilkes-

Barre more publicity than ever before, also an effective publicity article of our anniversary celebration and the meeting today. Upon motion of Mr. Watts, seconded by Mr. Moss, the report was received with a vote of thanks and spread upon the minutes.

VIGILANCE COMMITTEE

Chairman Fahringer reported through the secretary, that the case against the Finance Service Corp., a second mortgage company operating in Pittsburgh, had been adjusted and they will make no more loans in violation of the act.

The Cosmos Finance Co. of Bethlehem, who charge $15.00 for a $25.00 loan for eight weeks, are being taken care of by Mr. Lewando of Bethlehem.

The case against the Atlas Auto Finance Co. of Philadelphia is now on the trial list in the courts and will be tried June 2d.

Upon motion of Mr. Watts, seconded by Mr. Moss, the report was received with thanks and ordered spread on the minutes.

MEMBERSHIP COMMITTEE

Chairman Moss reported having sent letters to all licensees except four or five, soliciting their applications. We have five applications for this meeting to be voted upon.

Moved by Mr. Moore, and seconded by Mr. Kehr, that the report of the Membership Committee be received with thanks and spread on the minutes.

Mr. Anderson and Mr. Osborne of the Ohio Association were introduced at this time. Mr. Anderson addressed the meeting on the A. I. L. A. convention program.

Letter read from the National Association Sceretary asking for suggestions for the National Convention program, and several were offered.

Upon motion of Mr. Watts, seconded by Mr. Buck, all suggestions were turned over to the Program Committee.

Upon motion of Mr. Kehr, seconded by Mr Watts, the Association went on record to solicit applications for membership of all licensees in the state, and after the same are received, if the applicant does not measure up to our standard we can either accept or reject the candidate.

On motion by Mr. Gillen and seconded by Mr. Eisenhut, the recommendation of the Executive Committee to obtain good legal talent to assist in the prosecution of the auto finance lenders, was approved.

Mr. Gardiner, of the Maryland Association, was introduced to the members and expressed his delight in being present.

Upon motion of Mr. Hart, and seconded by Mr. Devine, the Executive Committee of this Association was not increased from nine members to eleven.

The secretary was authorized to have 1,000 copies of the By-Laws of the Association printed and distributed among the members.

At this time the meeting adjourned for luncheon. Mr. Romain C. Hassrick, of the Bureau of Legal Aid, Philadelphia, was the speaker and spoke on "The Salary Buyer." Mr. Hassrick's remarks were published in the May NEWS.

A rising vote of thanks was tendered Mr. Hassrick for his talk.

After luncheon the Association reconvened and at this time Mr. Watts moved and Mr. Kehr seconded, that we go on record as approving in principle only, the plan of having membership in both the State and National bodies, upon payment of dues to the State Association.

ELECTION OF NEW MEMBERS

The following applications for membership were presented:

Public Finance Service, Inc., Philadelphia.

Household Finance Service Corp., Philadelphia.

Financial Corp. of Philadelphia.

Scranton Finance Co., Scranton.

Fidelity Loan Co., Lancaster.

Upon motion of Mr. Hess, seconded by Mr. Ezekiel, all the above were elected to membership.

Chairman Young requested the members to write Mr. Kehr for copies of an article appearing in the New York *Times*, written by Elizabeth G. Stern, entitled "The Loan Shark is Vanishing," and place them in the proper hands where they will do the business the most good.

P. C. Hess, of the Beneficial Loan Society, Philadelphia, read a paper on "The Value of a Rejected Customer." Upon motion of Mr. Moss, seconded by Mr. Kline, a vote of thanks for Mr. Hess's paper was extended, and it was ordered sent to the National Secretary for publication in the LENDERS NEWS.

At this time Tate Harrison, of the Iowa Association, was introduced and accorded the floor, and as usual in his most jovial manner entertained our members. Mr. Harrison's presence is always looked forward to with pleasure.

Harry Hollworth, of the Provident Loan Co., Philadelphia, read a paper on "Coöperation," which was received with thanks and ordered forwarded to the National Secretary for publication in the LENDERS NEWS.

Upon motion of Mr Watts, seconded by Mr. Hart, the next meeting of the Association will be held in Reading on Tuesday, July 13, 1926.

WALTER S. HERRON, *Secretary.*

OHIO

Springfield, Ohio, June 28, 1926.

MESSRS. FOULKS & STEVENSON,
Attorneys for Columbiana County Finance Co.,
410-411 Little Bldg.,
East Liverpool, Ohio.

In Re: Finance Company vs. Boso. East Liverpool Municipal Court.

GENTLEMEN:

I have your letter of the 22d inst. in which you state that the Judge of your Municipal Court refuses to allow a judgment on a note calling for 3% a month at an interest rate in excess of 6%, after maturity of note.

You set forth on a separate sheet the facts as follows:

"The Columbiana County Finance Co. vs. Boso. Facts:

"On Nov. 12, 1921, Boso, secured a loan of $60.00 payable in 10 months from date, in installments of $3.00 every two weeks. On May 7, 1926, there was due $67.83, which included the 3% interest rate per month, on the unpaid balance. Suit filed in Municipal Court to recover the above amount.

"Court of the opinion: That the plaintiff not entitled to interest at the rate of three per cent a month after the maturity of the note. That any balance that remained after maturity, would draw interest only at rate of 6 per cent.

"Furnish any authorities that you know of that would show our right to recover 3 per cent a month after maturity.

"Court claims that Section of Lloyd Act, Ohio Gen. Code, does not cover the question."

I am sending a copy of this communication to several lawyers, as well as all other members of our Association, with the thought that they may be able to shed additional light; and I ask those lawyers who receive a copy of this to please be good enough to favor me with a copy of such reply as you make to Messrs. Foulks & Stevenson.

Not having the line of reasoning of the Court before me I am only presuming that he bases his opinion on Section 8305 G. C. O.

"RATE WHEN NO STIPULATION, AND IN OTHER CASES

"In cases other than those provided for in the next two preceding sections, when money becomes due and payable upon any bond, bill, note or other instrument of writing, upon any book account, or settlement between parties, upon all verbal contracts entered into, and upon all judgments, decrees, and others of any judicial tribunal for the payment of money arising out of a contract, or other transaction, the creditor shall be entitled to interest at the rate of six per cent per annum, and no more."

I am also somewhat in the dark as to the exact wording of the note used upon. In the event this note is a straight contract for the use of $60.00 for two weeks, $57.00 for four weeks, $54.00 for six weeks, etc., together with a charge (including interest) of 3% per month on unpaid monthly balances, containing no such words as "after date hereof until fully paid" or words of like import, I can see some force to the position your court has taken.

I submit, however, that the Lloyd Act, so-called, being a special statute, creates the right to a certain class, who qualify therefore by securing a license, etc., to contract for a *charge* (including interest) for the use of money, at not to exceed 3% per month, unpaid monthly balances of principal, both before and after due.

It is our opinion, however, that the note should set out in no uncertain terms that such charge is after date until paid in full.

See 38 O. S. 575 and cases cited in opinion.

We think that the form of note set out on Page 69 of the "Survey" is good against the position taken by your court. This form of note, we remember, was carefully reviewed by Judge Dyer and approved by him before it was incorporated a part of the book.

In 6 A. L. R. at Page 1196 will be found an extensive footnote on the question "Interest-contract rate-effect of suit —The case, "Canadian Car & F. Co. vs. American Can Co., holds first proposition of syllabus:

"1. Under a contract for a specified rate of interest from a beginning date, to the date of payment of the amount, that rate will control even in a court of equity until the decree is entered, and will not change when demand is made or suit begun. S. C. 258 Fed. 363."

The annotation of this case in 6 A. L. R. above referred to is very exhaustive and sets forth 3 Ohio cases, 25 O. S. 384; 25 O. S. 621 and 38 O. S. 575, as well as other state and federal cases in support of the majority view, as therein set forth "if the parties agree upon the rate of interest until the money is paid, *or until date of payment* that agreement is controlling and fixes the measure of damages upon default."

Daniels on Negotiable Instruments 6 Edition 2d Volume, Sec. 1458 says, "And if the note runs with a certain rate of interest until paid, that rate, if legal, runs after maturity as before."
reasoning it could be urged that the use

We fail to see upon what process of of the word "charge" in the Lloyd Act would change or lessen the force of the holdings above referred to.

The legislature of Ohio has recognized that the making of small loans is not to be placed in the same category as the ordinary lending of money. It has recognized that there is such an element of service and risk connected therewith, not to mention the overhead involved in the making, as well as collecting of these small installment loans, that the money becomes in a sense merchandise, and that the handling of these small loans cannot be done at a profit at the 8% allowed by the general statute. It is therefore called a "charge" and the interest is made a part of it.

We feel also that the fact that Section 6346—5 G. C. O. allows the $1.00 charge on a loan not over $50.00 that is mare for not less than four months, has bearing upon the question here, for there is no provision in this section that after the four months have expired, that 6% shall be charged. The conclusion is that the legislature felt that it was worth more than the 3% to lend not to exceed $50.00 for not less than four months, hence this $1.00 must be meant to defray the cost of *making* not of *using* the money.

Respectfully submitted,

J. Fred Anderson, *Sec.*

RHODE ISLAND

The regular meeting of the Rhode Island Industrial Lenders Association was held at The Biltmore Hotel, Providence, R. I., at 7:30 P. M.

Reading minutes of previous meeting was dispensed with, and Mr. Neal after stating that minutes of last meeting read "The Executive Committee then by a unanimous vote, selected the following members as officers of this Association for the year 1926-1927." This was ordered changed to read as follows: "The Executive Committee then by a majority vote selected the following members as officers of this Association for the year 1926-1927." The minutes were then approved on a motion made, seconded, and carried.

Twelve members were present. Present were also: Messrs. H. A. Morgan, Beneficial Operating Bureau, New York, N. Y., F. H. Lovegrove and James B. Middleman of Bridgeport, Connecticut, and a Committee from the Colonial Plan Company, headed by Treasurer John Votolato of this firm.

The Treasurer being absent his report was read by the Secretary—Balance of $271.26 was on hand as of June 1, 1926. Mr. Wood moved to accept Treasurer's report and being seconded by Mr. Lovegrove it was carried.

Secretary reported a total membership of nineteen and all in good standing. This report was accepted upon motion made, seconded, and carried.

Membership

The Secretary read letters sent by Chairman Watts of this Committee to Licensed Lenders of this State who do not belong to our Association showing the good points in joining. It was agreed to assist Chairman Watts in this fine work and the Secretary was instructed to write Mr. Watts and ask him to name members to serve with him on this Committee.

Chairman Rich then appointed Mr. Hollingworth to serve with him as an auditing committee to audit books of Treasurer and report to Association at next meeting.

Motion of Mr. Wood to delegate Chairman Rich to represent State Association at National Convention to be held in Cleveland, Ohio, next September. Mr. Morgan seconded this motion. Carried.

Upon motion duly made and seconded it was also approved to pay all reasonable expenses of Delegate who would represent our Association at the National Convention, next September. Mr. Wood then made a motion that Chairman be given authority to appoint an alternate between now and September for National Convention in Cleveland, Ohio, and upon being seconded by Mr. Lewis it was carried.

Letters from National Officers were read. Chairman appointed Mr. Neal to study subjects then reply to same.

Treasurer Votolato, of Colonial Plan Company was given privilege of the floor and his remarks were very well placed and to the point. Among other things he informed us that he was pleased to have attended our meeting to shake hands with us and to learn about the purpose of our Association. He closed with the statement that his firm would no doubt send in their application for membership after they listened to their Committee report on this meeting.

Mr. Wood then replied to Mr. Votolato. He talked on business policy—some men are in business and want to succeed individually while others are in business and want their business to succeed. Mr. Wood then spoke on the progress we were making and had made to uplift our chosen profession, and that it should be the duty of every firm in the loan business, in this State to join the R. I. I. L. Ass'n, to support it, to learn from it, to get different viewpoints and new ideas, always with a view to making our business better.

A motion was made and seconded that a Committee be appointed to study and revise our Constitution and By-Laws. Carried.

The chair then appointed the following members to serve on this Committee: Chairman, W. G. Wood, H. G. Neal, G. F. Lewis and W. A. Kefauver.

Mr. Wood welcomed Mr. H. A. Morgan who has recently moved to Providence. Mr. Morgan in a few well chosen words, stated he was pleased to be here.

Mr. Lovegrove then spoke in favor of more publicity and he would like to see the return of Association advertising along the lines of last year's. Mr. Lewis also spoke in favor of this publicity.

Mr. Neal then made a few appropriate remarks about "Doing Things Right."

The matter of having a member read a paper at the meetings was taken up and Mr. W. A. Kefauver agreed to prepare one to read at next meeting on the subject "What Makes an Ideal Loan Man in His Contact with His Public."

E. LaGueux, *Secretary.*

CONNECTICUT

The Quarterly Summer Meeting of the Connecticut Lenders Association was held on June 23, 1926, at Lakeside Tavern, Hitchcocks Lake, Waterbury, Conn. Luncheon was served to thirty-two members and guests present at 2 o'clock. The meeting was called to order at 3:30 P. M. with Chairman H. G. McMullin presiding. The roll call showed the following members and guests present:

New England Equity Corp.—E. H. Sanderson, Hartford, R. Bumstead, Bridgeport, L. W. Scarpa, New Haven, A. P. Burchard, Waterbury, H. M. Dunbar, Norwich. Beneficial Loan Society—W. C. Bookman, New Haven, R. E. Kiely, Bridgeport, J. T. Farrell, Waterbury, J. A. Brennan, Stamford, F. W. Pape, Norwalk, D. W. McGray, New Britain, W. J. Miller, Hartford, E. Sterry, New London. Personal Finance Company—H. Holm, Ansonia, F. N. Plummer, Bristol. Equitable Industrial Loan Soc.—H. G. McMullin, Hartford, A. L. Carlson, Waterbury, T. C. O'Brien, New Haven. Newark Cash Credit Co.—Mr. Reuter, New Haven. Fidelity Loan Corp.—J. Miller, Bridgeport. Peoples Loan Society—M. J. Conners, Waterbury. Ideal Financing Co.—F. W. Hawkinson, Hartford. United Loan Corp.—S. J. Killian, Bridgeport. Mutual System Co.—Fred Lovegrove, Bridgeport.

Among the guests present included: Beneficial Operating Bureau—Mr. A. G. Zimmerman, New York City, Mr. Francis Odone, New York City. New England Equity Corp.—Mr. H. P. Stephenson, New Haven, Mr. A. Robbins, New Haven. Hartford Credit Rating Bureau—Mr. Alfred C. Moreau, Hartford.

T. C. O'Brien, chairman of the Membership Committee, reported that he had interviewed three prospects in New Haven, and recommended for membership the Ideal Financing Company of Hartford.

Mr. Connors, chairman of the advertising committee, arranged with twelve newspapers throughout the state of Connecticut for a state-wide educational advertising campaign to use a total of approximately two thousand lines. Advertising to run twice a month at a cost of about $2,100. The total circulation covered by these various newspapers is 271,680. Mr. Connors suggests that the campaign start in October and run through November and December and if it was necessary to continue through January and February.

It was suggested by Mr. Lovegrove of Bridgeport, that advertising be run in one other Bridgeport newspaper in addition to the one selected, and that the expense of this campaign be paid by the association after every member had contributed their pro-rata share. This suggestion was discussed by Mr. Stephenson, Mr. Zimmerman, Miss O'Brien and Mr. Moreau.

A motion was made by Mr. Connors that the Association take up the campaign as outlined by the Waterbury *Republican American* to include three extra papers in Waterbury, Bridgeport and New Haven, and that members be assessed their pro-rata share in the amount of the cost of the campaign, and that the advertising start in October and all members be billed monthly, the first bill to be sent in August and that the advertising continue through October, November and December. Motion was seconded and carried.

Motion made by Mr. Connors in connection with this advertising that the names of the members be included in the

advertising in every individual city. Motion seconded and carried.

Motion made by Mr. Connors that the Secretary write the Waterbury Republican American Inc., that the association would be responsible for the expense of the campaign, it being understood that the Waterbury *Republican* would furnish the material and distribute the advertising among the various newspapers throughout the state, for which in turn they are to bill the Association direct and they to pay the other newspapers. Motion seconded and carried.

Mr. Alfred C. Moreau, manager of the Hartford Credit Rating Bureau gave a very interesting talk entitled, "The Credit Bureau And The Lenders."

The matter of uniform papers was again brought up and a committee appointed by the chairman to include Mr. Carlson of Waterbury, Mr. Reuter of New Haven, Mr. Lovegrove of Bridgeport, and Mr. Sanderson of Hartford. It being the duty of these committee men to gather all loan papers from all the members in their respective cities, send them to the Secretary for a report at the next meeting.

Motion made by Mr. Zimmerman, that members send suggestions as to a fitting heading for the newspaper loan advertising. Said suggestions to be sent to the secretary, to be acted upon at the next meeting. Motion was seconded and carried.

Mr. Lovegrove made a motion that the state chairman, Mr. H. G. McMullin be delegated to attend the National Convention at Cleveland, and he to appoint his own alternates. The chairman voiced his regrets in advising the members of the passing away of Mr. L. W. Merrit, manager of the Beneficial Loan Society of New Haven, Conn.

Members were advised that an appropriate floral tribute had been sent to Newark, N. J. where Mr. Merrit was buried from his mother's home.

The Secretary made a motion that the Association devote one minute of silent tribute and the motion was carried.

Motion made that the Association go over the records expressing their appreciation of the work done by the advertising committee.

Motion made by Mr. Zimmerman that the Secretary write a letter to Mr. J. Miller, one of our members who is ill at the Neurological Hospital in New York City, and also that a bouquet of flowers be sent him was approved.

Upon motion it was agreed that the Association hold its next meeting at the Elm Tree Inn, Farmington, Conn., which is just outside of Hartford.

WM. J. MILLER, *Secretary.*

GROUP LOAN CREDIT SERVICE PLAN

Extracts from the Talk at the Quarterly Meeting of the Connecticut Industrial Lenders Association, Held at Lakeside Tavern, Wednesday, June 23, 1926, by Alfred C. Moreau, Manager The Hartford Credit Rating Bureau, Inc.

Mr. Chairman and Members of the Connecticut Industrial Lenders Association and Guests:

From the discussion which just took place relative to your community advertising campaign it does appear to me that you are not entirely of the belief that your business is regarded as of a high plane; perhaps your apprehension is due to propaganda unfavorable to the nature of your business and then again, maybe you have not yet sold the idea of the value of the assistance you render those in need. You must keep in mind that your business, just so long as you believe it yourself, is honorable and has its own dignity. There was a manufacturer of limburger cheese who could not afford to ship his product in freight car loads so he thought up the plan of shipping his product in a long box and he checked it as a corpse. On one of these trips he decided to look into the baggage car to examine his "charge." Coming near the box he just sort of kicked it a little and the baggageman noting his interest, asked him if it was a relative. "Yeh," he replied. "Well, you have one consolation, old man, you know he's dead." Now I hope you will realize that some businesses at least, are not actually above yours in dignity.

The real reason you are assembled here today is because you realize that all the wisdom in the world is not contained in one head. You are aware that what you don't have in your head, you must have in your heels so you have gathered to swap experiences and thoughts.

As credit grantors you gentlemen are in a peculiar situation in that your extensions of credit are in a measure guaranteed either by mortgage or by the signature of a co-maker of the notes you issue nevertheless, you are credit grantors and in a sense you govern yourselves by past experience plus an investigation before making your loans. I don't know much about your own business but from my own connections with the Hartford lenders in the group service we render them, I have actively studied conditions somewhat and I am convinced that you are like the credit men who don't know exactly what your losses for the year will be or really are. There was a farmer who prided himself upon building a new barn and he lauded its merits far and wide. A hurricane struck the town without any notice and shortly after it blew over, I mean the hurricane, he was asked if the barn was damaged. "Well—I don't know—you see, I haven't found it yet." It's the same with accounts receivables—maybe they're accounts deceivables.

I would like to take advantage of a few minutes to talk about credit bureaus —particularly the Hartford Credit Rating Bureau. In checking your credits, maybe you don't want to be influenced in making your decisions but, would it not be interesting to know when a customer asks for an extension, whether or not it is a habit with him or just an excuse to stall. We'll grant that your business allows you a greater profit when you grant extensions in the form of added interest and in the aggregate it amounts sometimes to as much as new loans but for the sake of prestige, you don't like to let them run over from month to month, it's not good for your business to be too lenient because of the interest charges on days. You receive promises from time to time and those are broken quite frequently but promises are made to be broken. I remember when I first married. I was married only a few days when I came home to find friend wife in tears. I was all interest and sympathetic and begged her to tell me what the trouble was. "We've been married but four days and you go and break the very first promise you've made to me," she said. "Well, don't worry, dear," I volunteered, "I'll make you another."

Much of your business is based on character. We'll grant that some loans must be made by you to those of a low grade of character, however, your risk is greater in those instances and you do want to know something of your applicants. Character is a wonderful thing and some credit men believe that looking into a character record means only getting in touch with the employer of the applicant. That's not dependable. Do you honestly believe that I'll let my employer know at any time that I gamble, that I carry a pocket flask, that I swipe postage stamps or that I am not true to my wife. Not a bit of it. I want him to think that I'm a model man and employee or he'll fire me. Why then should the employer be considered a good character reference? The very fact that he still employs me is ample proof that I am satisfactory to him. All right, now how will we determine character? Well, we can't very well. Character might well be likened to the iceberg. Did you ever take a trip across the Atlantic and behold a beautiful spectacle floating on the surface and as your ship comes to within ten or fifteen miles of it have someone tell you its an iceberg? Gentlemen, its a wonderful sight. Its radiance has been pictured by authors and the newspapers have carried many lines recently about icebergs in the vicinity of New York. Only a short time ago it was reported that polar bears were seen walking on a giant berg. Just as you start to get near enough to it to see it clearly, say seven or eight miles from it, you notice that the pilot turns his ship away from it. You become incensed at his seeming neglect in not allowing you to view with awe the splendor which a close view of the berg would afford you and you resent the spirit which prompts him to steal away the opportunity you might have had to step on the iceberg and probably take one of these polar bears home with you as a souvenir. Gentlemen, that pilot knows that the radiant spectacle which is before you, probably ten miles away, only represents about one-eighth of that iceberg. Seven-eighths, the unseen mass is a veritable menace to navigation. It might extend below the surface dangerously close to that ship even miles away. We all remember the Titanic. Gentlemen, character is very much like an iceberg—the visible portion, about one-eighth is on the surface, the unknown seven-eighths is the true menace to navigation, if we might put it that way.

What then can we do if we can't know character? Let's have a substitute—its the next best thing so we'll take reputation—that what credit grantors must rely upon and that what bureaus must rely upon to some extent although bureaus are in a much better position to get the underlying information; the scandal if we dare put it that way than the individual business house. In checking for about 150 retailers in Hartford its just natural that we ought to get more dope on individuals than the stores themselves would get. That's why the bureau is a good place to get information.

In Hartford we have information on about 151,000 individuals who trade in Hartford and that information is kept up-to-date by a system of re-checking in order that our members will get only the very latest facts on their prospective customers.

My real purpose in coming to your meeting today was to talk about the group loan plan—in other words to make a comparison with lenders' exchange service. In my mind, and I believe there are many here who can bear me out, the suspicion which follows the lenders exchange, where the files represent only the loan company accounts is the real dangerous feature of the exchange. It would not take much for, we'll say the lender who acts as the treasurer of the group, the one who signs the exchange employee's checks, to use his influence or authority over such employees if he were so inclined, to get that list. It hardly ever happens but the suspicion is there and just so long as there is suspicion, there can not be applied coöperation. We have removed that possible suspicion by placing the lenders information in code right on the master-card of the individuals in our master-files where you would have to look at probably fifty cards before you find the code or key-number of any lender. It is a physical impossibility to take qff a list of customers of any one group of stores under that system. Were you to go into the bureau and be allowed to look over any number of cards, you would not be any wiser because all the information is filed with key-numbers and codes. We are handling about 4,000 reports per month and are adding about two hundred names daily to our list at this time. That ought to be sufficient evidence of the protection we offer our members in the respect of guarding their lists of accounts. In addition to the protection against doubling up we offer the lenders of Hartford, we report to them all the lease accounts their applicant has listed on his card with us. Where chattel mortgage loans are made, that is a very valuable addition to the service of preventing doubling up.

I think it was Benjamin Franklin who said that "Experience keeps a dear school but fools will learn in no other." I always get my quotations balled-up so take that only for what it's worth. Experience is a great teacher—some of us limit our knowledge to our own experience—that is folly—why not get some of the experience the other fellow paid for? A man was hired to plant potatoes and upon being observed by his employer, it was noted that his methods were antiquated, and he was told so. "Don't try to tell me how to plant potatoes," he remarked, "I've been planting potatoes for the past fifteen years." The farmer replied, "You haven't had 15 years experience planting potatoes, you've had 15 years practice." Now that's true of every one of us. Take the large store for instance, they were small once as a rule and the reason they grew large was because they were willing to learn and to get the combined experiences of a group of men and it is the experiences of a group of men that keeps them growing.

Sages, philosophers and poets associate experience and fools. Just why these learned men do that, I don't know. Others besides fools attend the school of experience and darned few of us will learn in any other school. Tell a child that c-a-t spells cat and he'll probably take your word for it but he's aching to reach the time when he can prove it for himself. The father will tell his son, "You may take the car out today, but don't try to shift gears as you cross the railroad track, you'll stall the engine." The son is anxious and has that insatiable desire to reach the railroad crossing to see if he can't shift gears without stalling the engine. The boy is given his first pair of skates and his mother will say, "Don't touch your tongue to cold steel." The bet is safe that he'll try it the first opportunity he has. Tell a small-town girl that she should not make eyes at a traveling man and darned if she isn't riding in his car that same night. Very few of us are convinced by being told. We must convince ourselves by experience.

The ten commandments have been in force for some three thousand years and most of us have to violate six or seven of them before we learn that old Moses knew what he was talking about.

In getting together such as we have this afternoon, we all profit by it. You all know that if you have a dollar and I have a dollar and we swap, neither of us gain but if I have a thought and you have one and we swap, naturally we both gain and it is sŭch association which makes us all wiser and I'm very happy at having the opportunity to meet you and as I realize that the most popular after dinner speaker is the one who merely says, "Gimme the check," I'll thank you for your kind attention.

IOWA

The meeting of the Iowa Industrial Lenders Association was held at the Hotel Fort Des Moines, Des Moines, Iowa.

The meeting was called to order by W. J. Scheib, acting Chairman, due to the absence of our regular Chairman, T. J. Harrison. The following member representatives and licensees were in attendance:

Edwin E. Miller, Cedar Rapids; C. L. McCauley, Dubuque; H. A. Hulling, Des Moines; E. I. Levitt, Des Moines; M. Aliber, Des Moines; R. W. Weisser, Sioux City; J. M. Kelso, Fort Dodge; Ed. L. Roth, Ottumwa; W. B. Eickenberry, Fort Dodge; Geo. W. Walker, Oskaloosa; H. L. Davidson, Des Moines; C. H. Truedson, Davenport; J. G. Gottlieb, Des Moines; S. Gottlieb, Des Moines; W. L. Glessner, Cedar Rapids; Leslie Whitmer, Sioux City; Wm. DeBeaulieu, Des Moines; W. J. Scheib, Sioux City; Chas. M. Dehnert, Des Moines; Carl Dickson, Des Moines; Robert Mulock, Cedar Rapids; A. K. Dolliver, Chicago; Atty. F. S. Dunshee, Des Moines, Iowa.

C. M. Dehnert, acted as Secretary, in the absence of V. V. Boehm, Secretary.

A. K. Dolliver talked on "The Danger of Purchasing Agencies." Mr. Dolliver outlined the methods of operation relative to salary purchasers, and the move now under way to eliminate them.

Both the Secretary's and Treasurer's reports were accepted as read.

The morning session adjourned and all present left in a body to partake of the delicacies prepared. Banquet at Younkers Tea Room. Out-of-town licensees were guests of the Des Moines boys.

Afternoon meeting opened by our Chairman, T. J. Harrison, at 2 P. M. Resolution of thanks by the visitors. WHEREAS, We the out of Des Moines Members of the Iowa Industrial Lenders Association, and other out-of-town lenders and guests, desire to express our appreciation for the sumptuous dinner and kind entertainment given us by the local members; we desire to take this opportunity to formally express our sincere thanks for same and move that this expression be spread and made of record and a part of the minutes of this meeting.

Attorney F. S. Dunshee, Counsel for the Satte Association, was called upon to give a talk on taxation. All present were well pleased as Mr. Dunshee is thoroughly versed on this subject, and his message was very explicit and greatly enjoyed.

Chairman T. J. Harrison, having recently returned from New York, favored the boys with a talk and the latest information on Salary Purchasing Operators. The meeting Mr. Harrison attended enabled him to gather an abundance of knowledge on this subject and his talk was very interesting.

Motion was made and carried to amend the By-Laws and Constitution of the Iowa Industrial Lenders Association, relative to Membership Fee. Amendment was made to read: Minimum Fee, $10.00. Maximum Fee, $50.00. Offices with a working capital of more than twenty thousand taxed at rate of $1.00 per thousand.

New members obtained at this meeting: Geo. W. Walker, Peoples Finance Co., Oskaloosa; J. M. Kelso, Fort Dodge Loan Co., Fort Dodge; Carl Dickson, Federal Finance Co., Des Moines; W. B. Eickenberry, Chattel Loan Co., Fort Dodge; C. H. Truedson, Guaranty Loan Co., Davenport; Leslie Whitmer, Provident Loan Assoc., Sioux City.

Election of Officers: Chas. M. Dehnert, Des Moines, Chairman to succeed T. J. Harrison; Ed. L. Roth, Ottumwa, to succeed W. L. Glessner as Vice-Chairman; V. V. Boehm, Des Moines, Secretary, reëlected; Wm. DeBeaulieu, Des Moines, Treasurer, reëlected.

Executive Committee: C. H. Truedson, Davenport; Ed. L. Roth, Ottumwa; T. J. Harrison, Waterloo; W. H. Glessner, Cedar Rapids; Wm. DeBeaulieu, Des Moines; V. V. Boehm, Des Moines; C. M. Dehnert, Des Moines.

Membership Committee: E. I. Levitt, Des Moines.

A resolution expressing sympathy to V. V. Boehm, the Secretary, on account of the loss of his sister was adopted.

C. M. DEHNERT, *Acting Sec.*

INDIANA

NEW MEMBERS—STILL GROWING

Welfare Loan Society, 109 N. LaSalle St., South Bend, Ind.; Mutual Loan & Discount Co., 413½ Broadway, Logansport, Ind.

SPECIAL INFORMATION DESIRED

Mr. Leon Henderson, Associate Director of the Division of Remedial Loans, Russell Sage Foundation, desires the names and addresses of all individuals, firms, corporations that may be doing business contrary to the Laws of Indiana. This list should include the Salary Purchasing Agencies. The Secretary has been requested to forward this list at the very earliest date and in order to do so, I need your coöperation. Don't think that some one else will send the names in; send your list in to-day and I can easily pick out the duplicates. I am depending upon each member for this list and in order that Indiana can still retain its name for doing things promptly, I sincerely trust this will have your imme-

diate attention; mail them direct to the secretary, R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis, Ind.

If you have not received your copy of the legal survey, kindly advise the secretary, and how about purchasing one for your attorney, or have him do so.

If you want a copy of the picture taken at convention, write the Holland Studio, 41 E. Washington St., Indianapolis.

Convention News

The following committee was appointed to consult with the Chamber of Commerce to bring the National Convention to Indianapolis in 1927: T. M. Kaufman, Chairman; W. R. Teel, A. C. Broughman, F. L. Thompson, R. F. Hartz.

The American Association will hold their convention at Cleveland, September 15, 16, 17, Statler Hotel. Have you made your reservations? Now is a good time to do so. Indiana will be well represented and we hope that you are making arrangements to be there too.

Skips

Orlie J. and Emma Mimmo, Indianapolis to Ft. Wayne; Roy and Nellie Grounds, Indianapolis to (?); Walter Sedam, Indianapolis to (?).

Contributed By a Member

Figure It Out!

Nobody has ever added up
The value of a smile;
We know how much a dollar's worth,
And how much is a mile;
We know the distance to the sun,
The size and weight of earth;
But no one here can tell exactly just
How much a smile is worth.

Arrangements are being made to have next month's Bulletin printed. We would like to have your contribution of some worth while idea, suggestion, or item that will interest all the members.

The minutes of the convention will not be published; most of the news was contained in this month's Industrial Lender.

He Uses His Head

A woodpecker pecks,
Out a great many pecks
Of sawdust when building a hut.

He works like a digger
To make the hole bigger
He's sore if his cutter won't cut.

He ne'er gives a peep for
Things that are cheap,
But there's one thing
Can rightly be said.

The hole excavation
Has this explanation,
He builds it by using *his head.*

TO OUST "SALARY BUYERS"

Chamber of Commerce Heads Campaign Against Loan Sharks

Civic, Industrial and Social Agencies Unite to Effect Passage of Law to Curb Illicit "Banking" Practices in State

An organization to obtain the passage of a law regulating the activities of "salary buyers" and small loan sharks in Missouri was formed yesterday at the Chamber of Commerce.

The organization is the nucleus of a proposed state-wide movement and marks the entrance of the Russell Sage Foundation into a fight for a satisfactory small loan law in Missouri.

Represented in the organization are the Chamber of Commerce, the Kansas City Southern Railroad, the Atchison, Topeka & Santa Fe Railroad, the American Red Cross, the social service division of the city welfare department, the Kansas City Provident Association, the Council of Social Agencies and the Better Business Bureau.

A small loan law drafted by the Russell Sage Foundation and in effect in twenty-two states was approved as a model for the proposed law.

This law would require the licensing of all loan concerns making loans under $300, would place "salary buyers" under the same classifications as regular loan concerns, and would give the state banking department jurisdiction over them. A fair maximum rate of interest would be named and jail and prison sentences provided for violators. The state banking department would be empowered to close any concern not complying with the law.

Russell Sage Representative Speaks

Leon Henderson, Director of the Department of Remedial Loans for the Russell Sage Foundation, was here for the meeting and pledged the aid of the foundation in the fight for the passage of the law. It is planned to launch a vigorous campaign after November.

Organizations in Kansas City and St. Louis, centers of the operation of loan sharks in Missouri, will carry the burden of the fight for the law. Mr. Henderson went last night to St. Louis where an organization will be formed to-day.

"Kansas City is facing a shameful situation in the operations of loan sharks," Mr. Henderson said. "Here the most of their preying is done on railroad men as they always have back pay coming.

"The railroad man finds he must have ready money. As a rule he finds he cannot get the money from a bank. Over 85 per cent of the people do not have hankable credit. He goes to a salary buyer who purchases his check at a discount of 10 to 15 per cent for two weeks.

"At the end of that time the victim finds he needs his pay check. He has no trouble in discounting his next check at the same rate. Finally there comes a day when he finds he cannot meet the interest or the principal. Here is where the loan shark has the railroad man.

"Railroads have a rule under which a man is discharged if his check is attached twice. When the loan shark wants his money all he has to do is threaten his victim.

"With him it is a case of lose his job or raise the money, so he goes to another loan shark and discounts his check again to pay the first loan shark."

"The loan sharks most active in Kansas City," said Mr. Henderson, "are known to the Foundation as 'The Big Four.'" They operate from Atlanta, Ga., and are said to profit one million dollars each from their operations each year.

Loan War Not New Here

Cases were cited by Mr. Henderson and C. E. Buehner, assistant manager of the Better Business Bureau, of interest as high as $170 to $200 being exacted by loan sharks for loans of less than $30.

"Two years ago the district attorney's office here made a fight on loan sharks," Mr. Henderson said. "Twenty-three cases were called to the attention of that office. One of them came to trial, a conviction was obtained and an appeal was taken. The appeal never was heard.

"It was a useless war. It did some little good at the time. The year the fight was on two loan houses went out of business, but when they saw the manner in which the cases were treated they opened up again and are doing business in Kansas City to-day."

A committee to select a group to be responsible for the war on the loan sharks was named at the meeting. Those selected: C. E. Buehner, Assistant Manager of the Better Business Bureau; L. A. Halbert, Council of Social Agencies; Walter Whitson, Kansas City Provident Association. — *Kansas City, Missouri, Times.*

FURNITURE MEN, AND LENDERS MEET

C. G. Liggett Addresses Retail Furniture Association and Loan Association

Thursday evening at the Chamber of Commerce assembly rooms the Huntington Retail Furniture Men's Association met in joint session with the Huntington Industrial Lenders Association. Many things of interest to both these associatirons were discussed. The main purpose of this meeting, the first of its kind, was to establish a better understanding for the exchange of credit information and to enable both of these organizations to be more helpful and of more service to the community at large.

The main address of the evening was delivered by C. G. Liggett of the Beneficial Operating Bureau, of Dayton, O., who talked at length about the various problems confronting the furniture men and the lenders and who did much to promote a better understanding and establish more friendly relations between these two organizations. About twenty-five members representing both organizations were present. — *The Herald-Dispatch, Huntington, W. Va., June 26, 1926.*

LOAN COMPANIES FORM ASSOCIATION

Lloyd Rice Elected President of Huntington Industrial Lenders Body

The Huntington Industrial Lenders Association has been organized to advance the plane of the small loan business every way possible and to promote cooperation among the members for protection of patrons as well as themselves.

This announcement was made Wednesday by Lloyd Rice, of the Community Finance Service, who was made chairman of the new organization. A constitution and by-laws have been adopted and officers elected. Samuel Wormser is vice chairman, L. C. Withrow, secretary-treasurer. The executive council is made up of the foregoing officers and A. M. Arthur.

Companies who hold memberships in the organization are:

We Are Complete Outfitters For Industrial Loan Offices

. . . .

Printing -

ALL THE FORMS for all the States where a legal rate is in operation. Many carried in stock and shipment made the same day order is received. Because of the large volume of business done with Loan Offices all over the country OUR PRICES ARE FAR BELOW THOSE CHARGED BY LOCAL PRINTERS. SEND FOR OUR PORTFOLIO.

Advertising -

OUR MAILING and "house to house" circulars and cards have been real business producers wherever used. You may purchase from one thousand to one million.

Calculators -

THE ONLY approved models are the ones sold by us. From $10 to $175. In use now by over eighty-five per cent of all the legalized offices. MANY OFFICES NOW USING TWO OR MORE. Send for complete circulars and copies of letters from satisfied users. THE NEW COMBINATION TIME FINDER AND INTEREST CALCULATOR—$80—is our final achievement after ten years' research along this line. Any model sent on ten days' trial.

. . . .

THE WM. I. MARSH CO.
229 West Illinois Street
CHICAGO, ILL.

Community Finance Service, Commonwealth Loan Co., Personal Finance Company, Citizens Loan Company, City Finance Company, W. & O. Loan Company, and Albert's Finance Company.—*Huntington, W. Va., Advertiser, June 30, 1926.*

HUGE CREDIT LOSSES

Are Said to Exceed Annual Destruction by Fires

NEW YORK, June 23.—Losses to American business through improper and inefficient methods of collecting accounts are greater by several million dollars every year than the annual fire losses of the country, E. B. Moran, manager of the interchange bureaus of the National Association of Credit Men, said to-day in reporting the work of his department for the past year.

Millions of dollars would be saved every year if business men would thoroughly investigate applicants for credit.—*From The Inquirer Bureau.*

ANTI-SHARK BILL DRAWN BY HENDRIX

Walter Hendrix, Senator-elect from the Thirty-Sixth Senatorial District, including Fulton County, and a candidate for the presidency of the State Senate, has prepared and will push in the next session of the Legislature an "anti-loan shark" bill which he maintains will curb forever the loan shark evil in Georgia.

"I have prepared this measure after an exhaustive study of the court records in small loan litigation," said Mr. Hendrix. "Our present law permits a maximum money lending rate of 3½ per cent. a month. This law is evaded by 'salary purchases' and other subterfuges.

"In my opinion 3½ per cent. a month is more than usurious. It is life-taking. That means that the small borrower pays 42 per cent. a year on his principal. Anybody on earth could tell that is economically unsound.

"The bill I have prepared provides for a maximum interest rate of 2 per cent. a month. That is 24 per cent. a year and in my opinion that is too much, but I am willing to give them something in order to curb the evil. And the bill will have plenty of teeth in it so that it will cover everything, straight loans, salary purchases, or chattel loans.

"After *The Georgian's* vigorous campaign in this regard I do not anticipate any trouble in passing the measure."—*Georgian, July 7, 1926.*

1925 YEAR BOOKS WANTED

As the supply of 1925 Year Books in the National Secretary's office has been exhausted, and as an order for twenty copies has been received, it is impossible to fill it. If any of the persons who read this ad desire to part with their 1925 Year Books at $1.00 per copy, they will find the Metropolitan Finance Service, 207 Market St., Suite 500-501, Newark, N. J., willing to buy the number of copies mentioned above.

WOMEN MONEY LENDERS

LONDON.—Women money lenders in the slums district have been found to charge as high as 100 per cent. per week on loans of five to twenty pounds. The offenders are hard to catch because of the victims' wish to hide the disgrace of poverty from their neighbors.

POSITION WANTED

Man of experience desires position as manager with reliable concern doing a Legal business. Can furnish best of references. Address E, Box 778, Harrisburg, Pa.

The KEY to Your PROBLEM

Credits and Collections

Did you have any perplexing loan problems in your work today? How many of those accounts will have to be charged to profit and LOSS? As many as there were several months ago?

Today we offer you the loan experiences of experts—the answer to your problem. 43 lessons—personal criticisms—advisory service.

Let us have your answer on the coupon below.

INDUSTRIAL LENDERS TECHNICAL INSTITUTE,
468 FOURTH AVENUE, NEW YORK CITY.

Please enroll me for your ten-month course in Industrial Loans. My check for $4.50 to cover my tuition fee for the first month is attached.

Name .....

Position .....

Employed by .....

Street and Number .....

City and State .....

Loan Offices Insured against Burglary and Robbery

Hold-ups, burglaries, and robberies have increased amazingly in the last decade. In some cities the increase in crimes of this class has been phenomenal.

Casualty companies' rating bureaus some time ago adjusted the rates according to the statistics of crimes. Lately matters have become so much worse that there has been a new rating and certain cities have had their rates raised 50% or higher.

During the last few years a number of loan offices have taken out burglary and robbery insurance. However, in certain cases, where robbery or burglary has been committed or attempted, no insurance could be collected because of exemption in the terms of the policy.

Few policies you can purchase have real indemnity insurance that actually covers every form of loss from safe or contents during the day or night. This has caused a number of the larger loan chains to take out policies with us.

We issue to any loan office a robbery and burglary policy which covers all loss, or damage to safe or contents, providing the crime is committed by any person other than an employee of the loan office. This policy is free from technicalities and the indemnity is absolute.

Correspondence is cordially invited and business solicited.

INDUSTRIAL LENDERS INSURANCE CO.

1 FOURTEENTH STREET WILMINGTON, DEL.

2305

INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. XI, No. 2. AUGUST, 1926. Price, $1.00 a year.

MEETING SCHEDULE

MARYLAND—Baltimore, September 7.

OHIO—Annual and biennial managers' meetings of the Aufderheide and Mackey organizations, September 13, 14, Cleveland.

OHIO—Annual meeting, O. I. L. A., Cleveland, September 14.

OHIO—National Convention, Cleveland, September 15, 16, 17, Statler Hotel.

CONNECTICUT—Farmington, October 13.

VIRGINIA—Norfolk, October 21.

MICHIGAN—Detroit, October 21.

INDIANA—Terre Haute, November 17.

NATIONAL CONVENTION

As the time for the Twelfth Annual National Convention of the American Industrial Lenders Association, to be held at Hotel Statler, Cleveland, Ohio, September 15 to 17, is drawing near rapidly and as it may not be practicable to publish the September edition of this publication prior to that big event, may we at this time extend to everyone interested in the field of industrial finance, limited to loans of $300, or less to persons without banking accommodations, a cordial invitation to be with us on that occasion.

For a long time the National officers and committees appointed by the Ohio Industrial Lenders Association, which is acting as the host this year, have been busy with the details of their respective activities and we are now almost ready to go.

As the program, which will be published in connection with this article, will show, we have scheduled one of the strongest and most attractive programs ever arranged for a National Convention and we are confident that all who attend this year will be well paid in every respect.

In addition to several serious problems, including the salary buying situation, there will be proposed two amendments to the Constitution and By-Laws. One provides for increasing the Executive Committee from seven to eleven members and the other provides that dues shall be based on the average loan balance for the previous calendar year at the rate of $1.00 per thousand, which shall be collected by State Associations and include membership in both organizations, the State remitting half of the dues received to the National organization. These amendments have been presented and discussed and considered by the National Council and are recommended only for consideration and disposition at Cleveland. Some of the State Associations have approved the amendments and others have taken a noncommittal stand. It takes a 2/3 vote of the members present to change the Constitution and By-laws in any respect. So that all members may know in advance, there is some probability that neither of these amendments will be approved by the National Convention and that a committee will be appointed to revise the whole Constitution and By-laws, which according to expert advice is not well written nor logical as it now stands.

Bert D. Strang, Hartman Bldg., Columbus, Ohio, who is handling the publicity for the National Convention is much obliged to those who were good enough to send him their photographs and abstracts of their talks for publicity purposes, but he says that he still lacks a number of photographs of officers and committee chairmen and advance information in regard to papers or addresses which he should have at once. Will you who have not yet responded to this request, please get busy.

Much interest is manifested in the program this year but many are particularly looking forward to a great afternoon on the first day of the Convention, when after lunch is served at the Hotel where our morning session is held, we go to Regnatz for a real good time. Frank Schneider, who is looking after this feature of the program, guarantees everyone an afternoon of real pleasure and fun. His program includes sports and contests of all kinds, dancing, good eats and a little speech making. Maybe his program will be announced in this issue.

As arranged tentatively, the program will be as follows. Suggestions for its improvement will be welcome if sent to the National Secretary's office at once.

TENTATIVE PROGRAM

WEDNESDAY, SEPTEMBER 15

9 A. M.

Convention opens in Ball Room—Hotel Statler

Call to Order by the National Chairman, E. P. East.

Invocation, Dr. A. B. Meldrum, pastor, Old Stone Church, Cleveland.

Address of Welcome, Hon. John D. Marshall, Mayor of Cleveland.

Address of Welcome in Behalf of the O. I. L. A., Col. D. H. Pond.

Response for the A. I. L. A., F. L. Thompson, Shelbyville.

Address by the National Chairman, E. P. East.

Report of the Membership Committee, T. J. Harrison.

Report of the Committee on Legislation, L. C. Harbison.

Report of the Law Committee, F. R. Hubachek, Esq.

Report of the Publicity Committee, L. K. Osborne.

Report of the Finance Committee, W. P. Woll.

Report of the National Treasurer and Auditing Committee, C. H. Watts—H. D. Mattingly.

Report of the National Secretary, G. W. Kehr.

Reports of the Special Committees.

12 Noon

Welcome Luncheon, Ohio Industrial Lenders Assn. Host

Address, Thomas L. Pearman, Lima, Ohio.

1:30 P. M.

Take Bus on Euclid Ave. Front of Hotel. "All aboard for 'Regnatz.'" Take your eyes along—See Cleveland's West Side and beautiful Lake Erie shores.

3 P. M.

Arrive at "Regnatz." 3 P. M. to 6 P. M. First Annual Industrial Lenders Frolic.

6 P. M.

Big Eats.—"Finest of the finest."

A few remarks, Hon. L. E. Weitz, Secretary Commercial Savings & Loan Co.

Dancing.—Refreshments.

"Stay as long as you like."

THURSDAY, SEPTEMBER 16

9 A. M.

The Value of Lenders Exchanges, Vernon L. Buchman, Trenton, N. J.

The Year's Progress and the Uniform Small Loan Law, Leon Henderson, Director, Division of Remedial Loans, Russell Sage Foundation, New York City.

Bankruptcy, J. E. Burnett, Treasurer, Virginia Association, Richmond.

Method of Advertising for Industrial Loans, E. F. Moore, Philadelphia, Pa.

The Effect of Installment Purchases on the Industrial Loan Business, R. F. Hartz, Indianapolis, Ind.

2 P. M.

Sight seeing for the ladies including a tour through the Art Museum.

The Salary Purchasing Situation in Illinois, Charles R. Napier, Esq., Chicago.

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INDUSTRIAL LENDERS NEWS

Established 1916.

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

NATIONAL OFFICERS, 1925-1926.

Chairman, E. P. East, 605 Colonial Trust Bldg., Philadelphia.

Treasurer, C. H. Watts, 468 Fourth Ave., New York City.

Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—H. G. McMullin, 757 Main St., Hartford.

Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.

Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.

Ind.—F. L. Thompson, Shelbyville.

Iowa.—C. M. Dehnert, 252 K. of P. Bldg., Des Moines.

Me.—W. M. Snow, 465 Congress St., Portland.

Md.—C. Howard Hood, 455 Calvert Bldg., Baltimore.

Mass.—H. J. Desormaux, 96 William St., New Bedford.

Mich.—Norman Buckner, 5 S. Saginaw St., Pontiac.

N. H.—F. A. Brodeur, 999 Elm St., Manchester.

N. J.—P. L. Alberse, Romaine Bldg., Paterson,

Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.

Pa.—W. Young, 220 S. 16th St., Philadelphia.

R. I.—G. E. Rich, 26 High St., Pawtucket.

Tenn.—O. H. May, 201 Day Bldg., Knoxville.

Va.—L. E. Pope, 206 E. Grace St., Richmond.

W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.

Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.

Finance, W. P. Woll, 360 N. Michigan Ave., Chicago.

Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.

Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.

Publicity, L. K. Osborne, 32 Ruggery Bldg., Columbus, O.

Membership, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

STATE SECRETARIES.

Conn.—W. J. Miller, 805 Main St., Hartford.

Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.

Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.

Me.—H. S. Crosby, 163 Main St., Lewiston.

Md.—J. Rosenfield, 941 Equitable Bldg., Baltimore.

Mass.—C. C. Rock, 209 Tremont Bldg., Boston.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.

N. H.—Sarah F. French, 413 Amoskeag Bank Bldg., Manchester.

N. J.—V. L. Buchman, 203 E. State St., Trenton.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penn.—W. S. Herron, 404 Denckla Bldg., Philadelphia.

R. I.—E. La Gueux, 76 Dorrance St., Providence.

Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.

Va.—H. M. Fenner, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

Remedial Suggestions, Hon. L. F. McClelland. Judge of the Municipal Court of Atlanta, Georgia.

Uplifting, Standardizing and Dignifying the Small Loan Business, J. H. Sanderson, Chicago.

The Georgia Association Publicity Campaign, Edw. M. Steimle, Secretary Georgia I. L. Assn.

6:30 P. M.

Convention Banquet: Hotel Statler, Toastmaster, Colonel D. H. Pond.

Speakers: Hon. Cyrus Locher, Department of Commerce, State of Ohio; Hon. Jas. T. Begg, Congressman of 13th Ohio District; Hon. Jas. B. Ruhl, Judge, Common Pleas Court, Cleveland, Ohio; Hon. John D. Marshall, Mayor of Cleveland, Ohio.

6:30 P. M. to 1 A. M.

Dancing.

FRIDAY, SEPTEMBER 17

9 A. M.

How to Make Automobile Loans Successfully, L. L. Bishop, Manager, Capitol Loan Co., Indianapolis, Ind.

Should the National and State Association Actively Urge Legislation Other Than the Legal Rate, Geo. W. Farrington, Manager, Commonwealth Loan Co., Indianapolis, Ind.

Credit Exchange as a Community Asset, H. Orion Jones, Secy. Dayton, O., Retail Credit Men's Association.

General Discussion:

The advisability of soliciting business by house to house distribution.

What percentage of new business should we have, and how can it be obtained at the minimum cost?

What percentage of new loans should be made from a hundred applications received?

The budget. Life insurance for borrowers.

The matter of branch office, management and subject of collections.

Do bonuses increase the efficiency of employees?

2 P. M.

Theatre party for ladies.

Amendments to the Constitution and by-laws.

Under what circumstances should the A. I. L. A. render financial assistance to its affiliated state association members?

Unfinished Business.

New Business.

Nomination and election of officers and chairmen of standing committees.

Announcement of the state that wins the attendance trophy.

AFTER CLEVELAND, WHERE?

There will probably be some contest for the location of the next National Convention with organized efforts coming from Indianapolis, Cincinnati and elsewhere.

Rudolph C. Aufderheide, who with his father is touring Europe, sends the National Secretary a post card from Brussells, Belgium, in which he writes: "Why not hold the next Lenders Convention here? Good beer 'n everything."

HOTEL RESERVATIONS

Have you taken care of the important detail of writing Hotel Statler, Cleveland, for reservations during the National Convention. If not, you better do it today.

CONVENTION ANNOUNCEMENT

The Committee on Registration and Finance for the 12th and greatest Annual Convention of The American Industrial Lenders Association, which of course you expect to attend in Cleveland, Ohio, September 15, 16, 17, 1926, at The Statler Hotel, asks your coöperation to the end that it may be of real service.

Before you leave home make a note of the amount of money which your loan office has loaned out. We are asking that question on the registration card. It will make a splendid news item when totaled and used in connection with the number in attendance at the convention. The reading public will be favorably impressed to learn the 500 delegates are in Cleveland representing the aggregate invested capital to be set in the article.

Your committee wishes also to be of service in connection with one delegate finding another and expects to have a directory under the heads of states setting forth the name of delegates from different states, their hotel and room number.

We solicit your coöperation.

Please register early and fill out all blanks, which will be few.

Respectfully,

Committee on Registration & Finance,

J. FRED, ANDERSON, *Chairman.*

CONGRATULATIONS

Back in March, the Georgia Association referred to the A. I. L. A. a matter in which they were vitally concerned and upon which they desired the assistance of the National organization. It happens that one of the members of the Georgia Association had difficulty in collecting some of his accounts with Atlanta Post Office employees. He sued and got judgment against the delinquent borrowers and endeavored to force collection through the Atlanta Post Office. The result of this effort was referred to the Post Office Department, Washington, D. C., by the Atlanta Postmaster, who declined to honor the assignments filed for collection. In this stand he was supported by the First Assistant Postmaster General, who replied, "It is desired that employees pay their just debts and the Department insists upon this but you are not to require them to pay usurious rates of interest. The Department agrees that the rate of 3½% per month is usurious." Leon Henderson, Director of the Department of Remedial Loans of the Russell Sage Foundation, was called upon to help in the education of the postal authorities and did some excellent personal work, but it was thought advisable to have someone of the A. I. L. A. take the matter up with the postal authorities to see if their attitude with respect to the rate permitted by the Uniform Small Loan Law could not be changed. F. B. Hubachek of the Law Committee volunteered to serve the A. I. L. A. without compensation. He made a trip to Washington where he had a very satisfactory interview with the postal authorities. Without giving all the correspondence which has passed between those interested in this matter, we are publishing only those letters which seem pertinent and which lead up to the satisfactory conclusion accomplished by Mr.

Hubachek. Read the following and appreciate Mr. Hubachek's good work.

July, 17, 1926.

First Assistant Postmaster General,
Washington, D. C.

Attention Division of Post Office Service
Mr. W. R. Spilman.

Dear Sir:

Pursuant to our conversation of June 24, 1926, with reference to the legal rate of interest upon loans under state small loan laws, I enclose herewith two copies each of a brief statement of the history, theory and principal provisions of the Russell Sage Foundation Uniform Small Loan Law, a pamphlet copy of the law and a table showing the states in which the law is in force, the maximum rates of interest allowed and citations of the several acts.

I understand from our conversation that you will place this matter in the hands of the persons to whom Department correspondence on this subject is referred, with instructions to be guided accordingly. As remarked by you at our meeting, the Post Office Department is working toward the same remedial end as the Russell Sage Foundation and it is eminently proper that all agencies should coöperate in such a matter.

It is emphatically not our purpose or desire to use the Post Office Department as an agency for the collection of debts; on the contrary we realize that salary assignments of government employees are void and attempts to enforce such assignments are frowned upon by the Sage Foundation and the American Industrial Lenders Association. However, it is part of the basic philosophy of the Uniform Small Loan Law that the borrower is induced to retain his self respect and is taught through the functioning of the law to repay his obligations regularly and promptly and to thus acquire a habit of systematic thrift. Inasmuch as loans made by licensed lenders are as legal and moral obligations as bills for groceries or any other forms of just debts, we feel that the Post Office Department should exert the same pressure upon its employees to repay such loans to pay their other just debts.

Any other attitude upon the part of the Post Office Department would, we feel, have a damaging effect upon a system of remedial loan legislation which is the result of years of scientific, impartial investigation and experience of a great philanthropic institution and would be unfair to the private interests which have been induced to enter this field.

From our conversation, I feel confident that, upon examining this problem, you will give us the same hearty coöperation that every other public official who has examined the question has given.

Mr. Leon Henderson, Director of the Department of Remedial Loans of the Russell Sage Foundation, 130 East 22nd Street, New York, N. Y., will, I am sure, give immediate attention to any questions upon which you wish to consult him. The same is true of the American Industrial Lenders Association, 10 So. Market Square, Harrisburg, Pennsylvania.

Mr. Leon Henderson is away from his office at present and I am consequently unable to send the enclosed matter to him for examination and approval. He will receive copies, however, and will write you direct making any additions of corrections which he may wish to submit on behalf of the Foundation.

Yours very truly,

F. B. Hubachek,
For the Law Committee American Industrial Lenders Association.

REMEDIAL LOAN LEGISLATION SPONSORED BY THE RUSSELL SAGE FOUNDATION UNDER WHICH THE MEMBERS OF THE AMERICAN INDUSTRIAL LENDERS ASSOCIATION OPERATE

For many years the Department of Remedial Loans of the Russell Sage Foundation has conducted exhaustive investigation and supervised extensive experiments in the field of small loans made to necessitous persons who are forced to borrow upon little or no security. This problem is a complex one, socially, economically and legally; it is much misunderstood by the general public and it requires specialized and expert treatment. It is well known that the extortions of "loan sharks" have been great but the magnitude of their operations is seldom appreciated.

It has been demonstrated that newspaper campaigns against loan sharks are only temporarily effective and can not permanently alleviate conditions. It has been demonstrated that criminal penalties are ineffective unless coupled with something which provides a source of loans. It has been demonstrated that needy persons *will borrow*, and that, in the absence of intelligent supervision and regulation, lenders *will oppress* them by exorbitant charges; also that the schemes and devices of the usurer are infinite in number and difficult, as a matter of law, to expose.

An attempt was made to remedy conditions by inducing philanthropists to invest funds in small loan businesses which were permitted by statute to exact somewhat higher interest than the regular contract rate and the net earnings of which were limited to six or eight per cent per annum. Many such companies were started and large amounts of money invested but the demand for small loans was so great that only a negligible proportion of the deserving borrowers could be cared for. The result was that in cities where "Remedial Companies" were loaning money at from one to two per cent per month loan sharks were still operating in close proximity at from ten to twenty per cent per month. Moreover, at the rate allowed by these earlier statutes the Remedial Companies could not make enough return on the investment to induce investors to put in their money.

After further experiment and research the Russell Sage Foundation devised a law based upon the principles of the present "Uniform Small Loan Law." This law has been passed (in slightly different forms) in twenty-two states, beginning with Pennsylvania 1915 and ending with Florida, Tennessee and West Virginia in 1925. During this period there have been changes in some provisions of the law but its principles have not been changed. From time to time, as the result of Court decisions or to thwart the ingenuity of usurers, new provisions have been added. For these reasons, some of the earlier laws are quite different in wording from the latest form, but not in basic plan.

The important provisions of the Uniform Small Loan Law and the theory of its operation are as follows:

A rate of interest which has been scientifically fixed at 3½% per month as the lowest rate which, under present conditions, will attract private capital into this field in sufficient volume to eliminate the loan shark by competition. The expenses of carrying on a small loan business are high, losses are great as there is little or no security and, unlike banks, lenders have only their own capital to use. A system of supervision and regulation plus heavy criminal penalties prevents evasion and violations of the law.

Lenders are required to procure a license and submit to supervision, usually by the Superintendent of Banks. A substantial license fee covers the cost of periodical examinations. A bond, running to the state and to any person aggrieved by the licensee, is required. The licensing official may require additional bond and revoke the license in case of violation the law. Licensees are required to keep complete records which are always open to examination by the licensing official. Deceptive advertising is prohibited. "No further or other charge or amount whatsoever for any examination, service, brokerage, commission or other thing or otherwise shall be directly or indirectly charged, contracted for or received" in addition to simple interest computed upon unpaid balances only. Loans are limited in amount to $300. Borrowers must be given plain and complete written receipts, and may make payments in whole or in part at any time. In actual fact regular periodical payments of principal and interest are required.

No confessions of judgment can be taken by licensees. The spouse must sign wage assignments and not more than 10% of the borrower's salary is collectible with each payment thereof. violation of any of the major provisions of the law is a misdemeanor and subject to both a heavy fine and imprisonment.

Without going into the subject minutely it is sufficient to say that the loan shark has been practically eliminated wherever this law is in effect. Borrowers are treated in a dignified, helpful and liberal way by licensees who operate institutions in the nature of poor men's banks. It is almost impossible to evade the law. The rate of interest has been proven by experience to allow only a fair commercial profit to efficient lenders; many lenders have "gone broke" trying to operate under the law. It is hoped that competition among lenders will eventually reduce the rate.

We are informed that the Russell Sage Foundation is greatly pleased with the operation to this law and we know that many eminent economists, legislators, social service workers and philanthropists consider that the law is the most forward step in the field of remedial loans that has been taken for generations. Almost without exception Labor bodies, Legal Aid Societies, Associated Charities and similar philanthropic organizations heartily endorse the law and the work which is being done thereunder.

Licensed lenders have organized the

Information Regarding Russell Sage Foundation Uniform Small Loan Laws and Similar Laws; Complete to June 30, 1926. Compiled Partially by Department of Remedial Loans, Russell Sage Foundation and Partly by American Industrial Lenders Association.

State	Date of Passage	Rate per month	Citation of Act
Arizona	1919	3½%	Session laws 1919, ch. 91, p. 125
Connecticut	1919	3½%	Laws 1919, Ch. 219, p. 2878.
Florida	1925	3½%	Cum. Stat. 1925, p. 576 Sec. 2534 (13-30).
Georgia	1920	3½%	Acts 1920, p. 215, Park's Ann. Code 1922 Supp. Vol. 8, p. 430 No. 1770a.
Illinois	1917	3½%	L. 1917, p. 553 Cahills 1925 Rev. St. C. 74-27.
Indiana	1917	3½%	Acts 1917, Ch. 125 (Burn's Ann. Stat. 1918, 8277 i).
Iowa	1921	3½%	Code 1924, Sec. 9410-9438.
Maine	1917	3½%	Laws 1917, Ch. 298, p. 1428.
Maryland	1918 Amended 1924	3½%	2 Bagby's Ann. Code Art. 58A p. 2084.
Massachusetts	1911 Amended 1912 Amended 1913	Rate to be fixed by supervising officer but not to exceed 3%.	Gen. Laws Mass. 1921 Vol. II p. 1429, Sec. 96-114.
Michigan	1921 Amended 1925	3½%	No. 228, 1915, No. 317, 1921 No. 181, 1925.
New Hampshire	1917	3%, plus a fee of $1 on loans not exceeding $50; $2 on other loans.	Laws 1917, Ch. 228, p. 792.
New Jersey	1914	3%	Laws 1914, Ch. 49 (Comp. Stat. 1st Supp. p. 12).
New York	1915 Amended 1920	2%, plus fee of $1 on loans not exceeding $50; $2 between $50 and $150; $3 between $150 and $300.	McKinney's Cons. Laws Book 4 Ch. IX No. 340-60 p. 347.
Ohio	1915 Amended 1917	3% plus fee of $1 on loans not exceeding $50.	1 Page's Ann. Code No. 6346 (1-12) p. 2493.
Oregon	1915	3% plus fees	G. L. 1915 Ch. 219, p. 286.
Pennsylvania	1915 Amended 1919	3½%	Penn. Stat. 1920, Sec. 14112-14121.
Rhode Island	1923	3½%	Enacted at January Session 1923.
Tennessee	1925	3½%	Ch. 153, S. B. 355, 64th Gen. Assembly 1925.
Utah	1917	3% plus fees	L. 1917, Ch. 41 (Comp. L. 1917. 4380-89).
Virginia	1922	3½%	Acts 1922, p. 502 Code 1924 Sec. 4168 (38).
West Virginia	1925	3½%	L. 1925 Ch. 91 (W. Va. Cum. State. 1925 p. 463).

Division of Post Office Service.

POST OFFICE DEPARTMENT

FIRST ASSISTANT POSTMASTER GENERAL

WASHINGTON,
July 21, 1926.

MR. F. B. HUBACHEK,
Attorney at Law,
610 McKnight Building,
Minneapolis, Minnesata.

My dear Mr. Hubachek:

Receipt is acknowledged of your letter of July 17, 1926, with reference to the legal rate of interest upon loans under state Small Loan Laws, and enclosing a brief statement of the history, theory and principle provisions of the Russell Sage Foundation Uniform Small Loan Law, also a pamphlet showing the states in which the law is in force, the maximum rates of interest allowed and citations of the several acts.

I was very much interested in reading your exposition on the subject and realize the difficulty in obtaining proper legislation based on a desire to regulate rather than to annihilate this form of business.

I assure you that the Department is disposed to give its hearty coöperation to any efforts made for the enforcement and extension of the Uniform Small Loan Law and shall be governed accordingly.

Sincerely yours,
JOHN H. BARTLETT,
First Assistant Postmaster General.

"Americal Industrial Lenders Association," which works in close touch with the Russell Sage Foundation for the enforcement and extension of the Uniform Small Loan Law.

Attached hereto are pamphlet copies of the last revision of the general form of the Uniform Small Loan Law and two pamphlets published by the Russell Sage Foundation entitled "Philosophy of the Uniform Small Loan Law" and "Small Loan Legislation." An examination of these will further explain the subject here outlined.

It is requested that the officials of the Post Office Department, as far as they can consistently do so, treat the obligations of Post Office employees to licensed lenders on the same plane and by the same method as they treat the other legitimate debts of employees to other moral and legal creditors. The Uniform Small Loan Law and the rate of interest allowed under it are little known by the general public and frequently require explanation. Post Office officials, it is submitted, should treat transactions with licensed lenders in such a way as to assist this beneficent porgram rather than retard or damage it.

Part of the underlying plan of the Small Loan Law is to encourage thrift and self respect in borrowing. Regular installment payments upon principal and interest and a businesslike, dignified and open course of dealing with lenders assist in this respect. Licensed lenders should not (and usually do not) attempt to use the Post Office Department as an agency for collection. Inasmuch as the Department desires to maintain a high moral tone among its employees it is felt that this type of loans should be treated in the way best calculated to achieve the results desired by the Department itself, by the Russell Sage Foundation and by this organization.

Respectfully submitted,

Law Committee of the American Industrial Lenders Association.

BY F. B. HUBACHEK.

VIRGINIA

The Regular Meeting of the Virginia Industrial Lenders Association Was Held At Hotel Fairfax, Norfolk, Va. June 25, 1926.

Chairman Pope called the meeting to order at 11 A. M.

ROLL CALL

The following members answered the Roll: Norfolk, Citizens Small Loan Society, Empire Company, National Small Loan Society, Beneficial Loan Society, Norfolk Loan Society, Atlantic Small Loan Co., Richmond, Capitol Small Loan Corp., United Small Loan Corp., Virginia Small Loan Corp., Personal Small Loan Corp., Beneficial Loan Society, Alexandria, American Small Loan Company.

SECRETARY'S REPORT

We have a total membership of 27 with all dues paid up to June 1, 1926, and most of them for the full year of 1926. Licensees in the State 37. The Secretary again asked the members to pay their monthly assessment prompt. On motion of Mr. Moore seconded by Mr. Edge the report was received, and included in the minutes.

TREASURER'S REPORT

The treasurer reported $492.17 on hand. Upon motion of Mr. Moore seconded by Mr. Millard the Treasurer's Report was accepted.

COMMITTEE REPORTS

Executive.

The Secretary read a letter for Mr. East (Chairman) tendering his resignation as Chairman and as a member of this Committee. Mr. Moore moved that his resignation be accepted. Mr. Edge seconded the motion. Carried, and the Secretary instructed to notify Mr. East that his resignation was accepted with regret.

DISTRICT COMMITTEE CHAIRMAN

Norfolk & Portsmouth.

Mr. Bray: That they held a meeting on the third Thursday of each month. The clearing house was working fine and everyone was highly satisfied with the progress made. He also stated the Circuit Court of Norfolk had handed

down a decision that whereas a Lien on Chattels duly recorded in the case of a monthly tenant became a first lien after the landlord had collected one month's rent in advance after recording of the Chattel Mortgage or Deed of Trust whichever it may be. This did away with the accepted belief that the landlord had first lien for rent as long as the furniture remained on his premises.

Mr. Shewmake reported that the Cobb case in Richmond would probably be heard on July 7th in the Circuit Court. The Defendant (Cobb) appealed from the Civil Court on the grounds that the Uniform Small Loan Law is Unconstitutional as it is a special law.

STANDARD PAPERS

Mr. Shewmake in the absence of Mr. Moss and Mr. Watts reported that he would consult with Attys. Evans & Goode of Richmond regarding a few changes that would have to be made to make them conform to the Virginia Laws. The papers have been drawn up by the Attorney for the Beneficial Loan Society in New York City with certain paragraphs left out as he was not familiar with the Virginia Laws. Mr. Shewmake promised to let the Secretary have the completed papers in a few days. The Secretary was instructed to have sufficient copies multigraphed and mail one to each member, so they could take them to their attorneys to pass on them and make any suggestions they thought would be of benefit. If after ten days no complaint came through the Association would go ahead and get prices and sell to the members at cost.

COMMUNICATIONS

The Secretary read a letter from Mr. Kehr stating he had been requested by Dr. Mueller, Chairman of the Program Committee at the National Convention to get the views of the various Associations in respect to the business program, also if any member would prepare a paper to be read at the National Convention. Mr. J. E. Burnett of Richmond agreed to prepare a paper on Bankruptcy.

The secretary reported he had been requested to send Mr. Leon Henderson the names and addresses of everybody doing business in this State contrary to the small loan laws. He had sent Mr. Henderson a list of all Salary Buyers in this State.

Mr. Earl H. Biel of Richmond had prepared a paper on "Do you show your customers some consideration." In his absence the secretary read the paper on motion of Mr. Moore, seconded by Mr. Edge the secretary was instructed to have this printed in the Lenders News and express to Mr. Biel the thanks of the Association for preparing this paper.

NEW BUSINESS

Mr. Phillips brought up the subject as to where the next meeting would be held and asked that it be held in Norfolk in August as Norfolk was going to have a Carnival week. The members voted it down as it was too early, and on account of so many people being away on vacations at that time. However it was decided to hold the next meeting in Norfolk October 21.

On motion of Mr. Edge seconded by Mr. Bray, Mr. Pope was unanimously elected delegate to the National Convention and Mr. Burnett as alternate delegate.

On motion of Mr. Moore second by Mr. Edge, Mr. Pope was instructed to extend an invitation to Mr. Bristow, Bank Examiner to attend the National Convention or allow his assistant Mr. Burnley to attend.

ELECTION OF MEMBERS

The following offices made application for membership to the Association: Mutual Small Loan Corp., First National Bank Bldg., Newport News, Va., Arlington Small Loan Co., Rosslyn, Va., Central Small Loan Co., Richmond, Va. On motion of Mr. Bray second by Mr. Edge all three offices were unanimously elected.

Chairman Pope asked every member to make an effort to get all nonmembers into the Association.

On motion of Mr. Bray seconded by Mr. Edge, W. F. Bradshaw was unanimously elected as a member and Chairman of the Executive Committee in the place of E. P. East.

Chairman Pope appointed Mr. Moore and Mr. Mattingly to act as a committee and see Mr. Appleby and try and get him to take an active part in the affairs of the Association.

FRANK BRAY, *Secretary.*

DO YOU SHOW YOUR CUSTOMERS SOME CONSIDERATION?

BY EARL H. BIEL

Turn back the pages of the industrial loan business a few years and study the methods of collection used in collecting accounts. Then compare those methods with the collection methods of to-day. What a difference! Yet there is still in effect in a few offices to-day the same collection methods of the old times. The question in mind is what method pays best. Which means the least in losses and most in net earnings, not to mention the addition of good-will and confidence which are essential to the maintenance of any business as is a fair return on invested capital?

This article is from my point of view and although I have a limited experience in the collection methods of the old days, still I am able to gather through contact with my customers an intelligent opinion of what they like best. It is a certainty that with the remarkable progress made by the industrial loan business in the last few years, that the days of the strong arm collection Czar are over. The tactics of the old days are not needed. The public is becoming more educated. Our business, however, still needs introduction and we must look to our employees to introduce it. We are making progress, splendid progress, it is true, yet there are still a few managers who boast membership in that old tribe of warriors whose code of ethics shows no consideration for their customers but instead, a personal aspiration for profit regardless of whether the methods that they employ are detrimental to the existence of their livelihood. We all like to collect 100%, but it is almost impossible to do it every month, yet there are a few who maintain they do it month in and month out. Frankly, I know you are saying that this type of man is one of the old class, or else just a friendly liar.

If we are conducting our business as we should, endeavoring to win confidence by educating the public, we must always have the welfare of our customers at heart. We must give and take with them. An extension of time on payments in emergencies is essential if we are to keep the good-will of such accounts. This does not mean that extensions are to be granted in wholesale lots, with no respect for payment dates, but on the contrary, it means that we must converse with our customers, find out the reason for their requests, and instruct them as to the necessity for prompt payments in order that they will not only appreciate the favor granted them, but will not become habitual delinquents, seeking and stalling for time each month. Such accounts are mostly among our best, and therefore, if we are to keep friendship with them we must accord fair treatment. However, if we show no regard for requests made by our patrons they are likely to go elsewhere where they find the organization a little more liberal and willing to go into details before they are turned away without a hearing.

This leads to that essential qualification of a manager which necessitates him taking time to study his customers. Every account, as a rule, must be handled different. Therefore, it is to our interest to know our customer. Know him in a business way. Treat him courteously; but we should not overdo the courtesy for then we become a bore.

It becomes the duty of every manager at some time or another to refuse a request coming from a good account for an increase in the loan, or an unreasonable extension of time. This kind of account must be handled with diplomacy we must take the time to explain to the customer our reason for refusing, or he is likely to become dissatisfied. It is true that in a few cases such accounts cannot be convinced that their requests should not be granted, but with the majority we are able to sustain our argument.

So much for the handling of good accounts in order to keep them in the straight path, but what about the habitual delinquents that it seems almost impossible to cure? My suggestion is to keep right after them until we can get rid of them. If there is no remedy for them we are better off without them. But even with this type the old method of creating a riotous atmosphere in the office in handling them seldom impresses the account very much, and at the same time leaves a poor impression on other customers in the office at that time. Take the slow to a private office, tell him what you want and goodbye. The shorter the message the better. When it is short and to the point they remember what you have said, but they forget a thirty-minute speech. Of course, we must make an exception with the slow that has a just reason for his delinquency. This type of man must be reasoned with as we would good accounts. We must know our customer.

Remember, that without the public we cannot exist. Without their good-will we cannot grow. It was some large bank that once passed out cards to their patrons explaining to them how they hoped their employees would treat them. The bank urged their employees to meet the public pleasantly. We should urge our employees to do the same. We cannot afford to be discourteous to anyone. We

cannot afford to lose our temper under any circumstances. We must put sincerity into our work. The good-will of our customers and their friends is worth more to our business than all other assets. We must preserve that which we have accumulated at the cost of so many years of painstaking effort.

Nothing is so heart-breaking in business as to lose a customer through some trivial neglect or discourtesy, and yet that is how most customers are lost. The customer who kicks can usually be pacified. The fellow who says notning is a hard problem. Probably none of us ever puts sufficient emphasis on the importance of reducing the friction of human contact.

In concluding the article, which is really a plea for a little more consideration for our customers, believing that in doing so we will not only educate them but will, through them, place our business on a higher plane, assuring them that we are human and ready to assist. Let us not forget to advise our customers that they must do their part if we are to continue to give that service which is expected of us.

CAMPAIGN AGAINST LOAN SHARKS HERE URGED BY HENDERSON

Russell Sage Foundation Executive Promises Aid In Proposed Drive

The swan song of the "small loan shark," of which there are said to be between fifty and sixty operating in St. Louis, was sung at a meeting in the Board of Directors' room of the Mercantile Trust Company, when representatives of local social service and civic organizations met with Leon Henderson, director of the department of remedial loans of the Russell Sage Foundation of New York City, to formulate plans for the eradication of the rapacious lender of small sums at exorbitant rates of interest.

The Russell Sage Foundation is a social service agency, and in 1914 drafted a uniform small loan law, designed to restrict money lenders from preying upon the small wage earner, who, unable to offer security necessary for a bank loan, wends his way to the office of the loan shark, where his "character," his wages, his scanty household goods and his promise to pay obligate him to submit to the extortionate terms of the money lender.

Urges Campaign Here

The law has been put in effect in twenty-two states, and at the present time the foundation is assisting in a campaign to make the law effective in Minnesota, Henderson said. He urged that a similar campaign be inaugurated in St. Louis and promised the coöperation of the foundation. The law requires that any lender who loans money up to $300 in excess of the legal rate of 8 per cent be licensed by the State Banking Department, and that his company be audited once or twice a year. This would take the supervision of lending out of the individual's hand and place it in the state department's, he declared.

The uniform small loan law also requires the wife's signature to every loan, and permits 3½ per cent rate on unpaid bonds. It was divided at the meeting that action for such a campaign should center in the local Legal Aid Bureau, but that the appropriation given this organization was not large enough for it to take the initiative in conducting a campaign for the passage of such a law. Dwight L. Holmes, secretary of the Better Business Bureau, was appointed a temporary secretary to keep in touch with Henderson, who will return early in September to further propagate a campaign against loan sharks. George C. Donovan of the legal department of the Missouri Pacific Railroad; Albert F. Kammann of the Legal Aid Bureau; E. C. Steger, general manager of the Provident Association; Ferdinand S. Bach of the Federation of Jewish Charities; Dwight Holmes, secretary of the Better Business Bureau; and Scott DeKins, assistant secretary of the Chamber of Commerce, spoke briefly at the meeting. Elwood Street, director of the Community Council, presided.

"Running Garnishees"

Henderson said he had been investigating the situation in St. Louis and that the fifty or sixty loan sharks operating here were running garnishees and collecting judgments on usurious accounts averaging between 600 and 1,200 each. At least 36,000 persons were involved locally despite the usury law, he declared. The interest on these loans, he said, range from 20 to 30 per cent a month. The victim is usually the man who is in dire straits. Henderson told of having gone into a loan shark office here recently. A negro preacher, a stenographer, a conductor, an elevator man, and an elderly woman carrying a shopping bag were waiting in the office. He told of another incident in which an attorney visting a money lender's officer here for his client was slugged with a rubber hose concealing a piece of iron and thrown out on the sidewalk.

"There is no constituted agency in the city through which the small money borrower can bring suit against the loan shark. The prosecuting attorney's office has not succeeded in prosecuting a usurer in the last three or four years," Henderson said.

"Salary Buyer"

"There are cases on record," he asserted, "in which a borrower has paid $156 interest on a $30 account. The salary buyer is the most fiendish type of loan shark," Henderson said. "Frequently a man who is unable to meet his weekly interest charge will go to another money lender and make an additional loan to meet the payment on his first loan and to keep from being garnisheed. The loan shark game is controlled by the "big four" of Atlanta who dominate many of the offices in St. Louis, he said. The method employed is to terrorize the borrower by telling him that if he does not pay his account, his employer will be notified and it will cost him his job.

Henderson said action to clean up the situation should be aimed at the companies and not at the cases of the individual borrowers. "There are two things the sharks hate to do and that is, lose money and go to jail," he said.

The Russell Sage Foundation, Henderson asserted, would draft the bill against the sharks, help with the legislation, send out speakers to address groups and assist in getting together funds for a uniform small loan law campaign.

George C. Donovan, of the legal department of the Missouri Pacific Railroad, stated that between 150 and 200 notices of assignment on the salaries of employes were received each month. Nine months ago the railroad stopped honoring these and turned the checks over to the employes instead.

MONEYLENDING LEGISLATION

II. The Moneylenders Bill

(From the Charity Organization Quarterly, No. 18, July, 1926)

The House of Lords Bill, which passed its third reading in that House last December, was reintroduced in the new Session in February, and, after several amendments which were mostly unimportant, passed its third reading in March. A new Bill, closely following the lines of the House of Lords Bill, was, in February, introduced in the House of Commons, and on April 23 was read a second time and committed to a Standing Committee. It appears that the Lords Bill is now to be dropped in favor of the Commons Bill.

The latter Bill is, in several respects, an improvement on the Lords Bill, which was criticized in the January Quarterly. One excellent new clause[1] requires a moneylender, in making a loan, to give the borrower a written memorandum setting forth the terms of the contract and the rate of interest. The objectionable provision that no proceedings shall lie for the recovery of a loan of less than £3 has disappeared. A further step[2] has been taken towards the adoption of the Government Actuary's Department's method of calculating the rate of interest when the installments of repayment include both principle and interest, although it is still not provided clearly that regard is to be had to the average amount of principle outstanding from week to week or from month to month. Whereas previously compound interest was forbidden, it is now proposed to allow in the contract a provision[3] that when a borrower is late in paying he can be charged simple interest, at the same rate as in the original contract, on the overdue interest. Suppose, however, that a borrower who negotiates a three month's loan on these terms lets his loan run on for three years. The moneylender, who calculates on earning interest as it comes in, will be deprived for nearly three years of the power to do so, unless he chooses to take the trouble to go to court. He is really entitled to something more than simple interest at the original rate on overdue interest. If he cannot contract to get this, he will naturally tend to charge a higher rate of interest than he would if the borrower could not be late with impunity.

The clauses about licensees and certificates have been made more stringent than before. It seems that now[4] every partner of a firm is to take out a separate license. Also the Magistrates' heavy work of giving certificates is to be repeated annually,[5] as it is now proposed that no certificate shall be in force for more than a year.

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[1]5
[2]Clause 5 (3) (b)
[3]Clause 6.
[4]Clause 1 (1)
[5]Clause 2 (3).

The Bill now lays down five[6] different sets of circumstances in which a moneylender's contract is not enforceable, but still fails to provide that a moneylender, who is unlicensed, cannot sue.

The Bill contains a new clause[7] about pawnbrokers. Under the 1900 Act they are excluded from the definition of "moneylenders," in so far as they make loans not exceeding £10 each. The new clause exempts them, in respect of loans exceeding £10 on pledges, from certain of the new provisions if the rate of interest charged does not exceed 20 per cent per annum. But in respect of these loans exceeding £10 they have to take out moneylenders' licenses, just as they have now to be registered under the Moneylenders Act.

While some of the defects in the drafting of the Bill have been removed, it still contains many such defects. Space can be found here for only two new ones. According to one clause[1] a moneylender in an advertisement of his business may include "only" certain specified particulars, and if he acts "in breach of" this provision he may be fined and sent to prison; the next clause renders the unfortunate man liable to a fine of £20 unless he includes also certain other particulars. Another clause[2] provides that if a moneylender charges anything for expenses, the amount of such expenses may be set off against the amount actually lent, while yet another clause[3] requires the amount of such expenses to be reckoned as interest paid.

II. Legislation in the United States

The Russell Sage Foundation in New York has sent the Editor some very interesting papers relating to the measures adopted in recent years to deal with moneylending evil in the United States. That Foundation has taken a leading part in the promotion of such measures there.

In most of the States the maximum rate of interest which may be charged on loans has been fixed by law. This rate, until recent years, varied from 6 to 12 per cent per annum, apart from one State which has a much higher rate. It was found that the comparatively low maximum rate in force led to clandestine extortion in the small loan business. It came to be realized that a higher rate of interest on small loans is justifiable, because the risk taken by the lender is greater and collection in small instalments and enquiry into the circumstances of the borrowers are expensive, and because the lender is lending only his capital, and not, as with a bank, customers deposits on which no interest has to be paid.

Companies of a semi-philanthropic nature, known as Remedial Loans Associations, were then formed for lending small sums on mortgage of personal property as security. The rates of interest on these loans vary from ½ to 3 per cent per month, and fees for expenses are charged. The companies pay moderate dividends, which are usually limited by law. How they contrive to exceed the legal maximum rates of interest is not clear.

"It was never, expected, or hoped, that the Remedial Loan Societies would so grow in strength, or in numbers, as to monopolize the field. They were intended as experimental agencies—an object-lesson—a stabilizing force." They were, in fact, found not adequate to cover the needs of all small borrowers. Following on them, a new form of legislation was devised to deal with the competitive moneylending business on a basis of "reasonable interest rates under State license and supervision." From 1913 onwards the States began to legislate accordingly. In 1916, at a conference in which the Russell Sage Foundation took part, a Uniform Small Loan Law was drafted. This law was, with local modifications, enacted in State after State, and last December was in force in twenty-two States.

The latest approved form of Uniform Small Loan Law allows a maximum rate of interest of 3½ per cent per month on unpaid balances, in respect of loans not exceeding 300 dollars made by persons engaged in the business of moneylending. The lenders have to be licensed at an annual fee of 100 dollars. The licenseholder has to give a bond to the effect that he will comply with the Act. The licensing officer has the power to examine, at any time, the books and records of the licensee for the purpose of discovering violations of the Act. Interest must not be payable in advance. No charge may be made for expenses, with one exception. If unauthorized charges are made, or if interest beyond the maximum rate is levied, the contract of loan is void. The licensee must, when making a loan, give the borrower a statement of the terms of the loan, and on the statement part of the Act has to be quoted. He must also give the borrower a "plain and complete" receipt for all payments made. A borrower may assign his wages for the payment of a loan, provided that when the borrower is married the assignment must be signed by both husband and wife; the employer then deducts 10 per cent from the wages, and pays this amount to the licensee. No certificate of good character is needed for obtaining a license. There is no prohibition of circulars or of any advertisement, except one which is "false or calculated to deceive."

It is necessary to remember that the conditions, to meet which this law has been framed, are different from ours in that the numerous class of illiterate moneylender who works in our back streets without an office appears not to exist at all in the United States.

The firms which lend money under this Uniform Small Loan Law have an Association called the American Industrial Lenders' Association, which is a member of the Chamber of Commerce of the United States, and which seems to have branches in many of the States. The official organ of this Association is the monthly Industrial Lenders' News, of which the February number reprinted in full the article on the Moneylenders Bill in our January Quarterly. This number contains a series of breezy accounts of annual conferences, banquets, and dances arranged by the State Associations. These functions are attended by Judges, Government officials, and representatives of the Russell Sage Foundation. The new legislation has had the effect of producing a respected class of moneylender, who is very different from the shady individual who does the business in Great Britain.

The low legal maximum rate of interest which prevailed before the recent legislation did not prevent the existence of a large body of "loan sharks." These men were found, in an investigation made in Chicago in 1916, to charge from 10 to more than 40 per cent per month, although the legal maximum in the State was only 7 per cent per annum. They used all the disreputable tactics which British usurers have made familiar. It would be interesting to learn to what extent the new maximum of 3½ per cent per month is evaded. The abovementioned monthly journal contains an account of a suit brought this year by a borrower against an unlicensed company which charged 20 per cent per month in a State where the 3½ per cent month maximum had been enacted.

Another type of legislative enactment devised to meet the "loan shark" evil in the United States is that which facilitates the formation of "Credit Unions," which are coöperative credit societies formed among groups such as members of a firm or factory, or of a church congregation. These Credit Unions are highly important agencies for encouraging thrift. They have spread rapidly. The first Act was passed in Massachusetts in 1909. By 1923 about a dozen other states had legislated, and the total resources of the Unions amounted to many millions of dollars.

The leading part in the numerous activities of the Russell Sage Foundation in connection with the regulating of the moneylending business appears to have been taken by Mr. Arthur H. Ham. The following words which occur in an address of his, deserve the close attention of our legislators:

"Small loans are a necessity in our present state of civilization, and any attempt to work unnecessary hardship on the lender, or to compass him about with unreasonable restrictions, has the inevitable result of forcing the borrower to pay a still higher charge than he would otherwise pay. If the law prescribes terms which make it impossible to conduct business on a legitimate basis, then both borrower and lender will defy the law and take their chances on its being enforced. In the end the borrower always pays the price in high interest charges.—*B. W. Kissan.*

PHILADELPHIA EXCHANGE BUREAU

By N. L. Noteman

Philadelphia is one of the largest, if not the largest, industrial loan center in the United States both as to number of licensees and amount of capital invested. Perhaps nowhere have the many angles of the Exchange Bureau been more thoroughly discussed.

A "one-loan-limitation" Exchange Bureau was organized in June 1922 and was in operation over three years. The largest number of members was 13 interests (operating 26 licensed officers).

September 1925 the Exchange Bureau was changed from the "One-loan" plan to what might be called a "two-in-one" plan permitting those who believe in the "One-loan" plan and those who believe in the "Priority" plan to clear names through the same bureau, the plan effective between offices depending upon the individual agreement of different

[6] Clauses 3 (4), 5 (1), 6, 7 (3), 13.
[7] 16.
[1] 13.
[2] 12.
[3] 17.

interests. Immediately upon changing to the optional plan, the membership was increased from 15 interests (26 licensed offices) to 22 interests (45 licensed officers).

Three months later 5 interests (15 licensed offices) resigned because they believed only in the "One-loan-limitation" plan and 2 other interests resigned because of too many limitations in the present "two-in-one" Bureau, thus leaving a membership of 15 interests (26 licensed officers). Since their resignation the membership has been increased to 20 interests (33 licensed offices).

A great deal has been learned during the several years of formation and discussion, and new angles are developing constantly. Up to the present time most of the arguments might be grouped under the following classification:

Interests to be satisfied.

(1) Strong chain offices.
(2) Small and local offices.
(3) Borrowers.

Limitation of credit.

(1) Three hundred dollars in name regardless of purchasing power.
(2) Three hundred dollars purchasing power of 1914.
(3) Value of personal property, income, and character of borrower.

Plans for bureau.

(1) "One-loan-limitation" plan.
(2) "Priority of lien" plan with freedom of contract or with limitations.
(3) "Information" plan leaving limitation to circumstances and judgment.
(4) Consolidation of any or all of the above three plans through the same bureau.

How to accomplish.

(1) By compulsion.
(2) By attraction.

While there is still lack of agreement between some of the different interests about Exchange Bureau rules, there is now a friendly spirit of coöperation between members and non-members, and the old-time over-crediting has been stopped.

All problems, affecting a large number of people of different interests and ideas, must be solved by slow evolutionary growth rather than by an instantaneous fiat. Just as the traffic regulation, made so complicated by the phenomenal increase of automobiles, has been taking form for over twenty years and but a few rules in any one city have been found applicable in all, it seems that the Exchange Bureau is a problem for each city to first figure out satisfactorily, and when at least half of th elarge cities have a uniform rule, it is then time to decide if we have a working model to go by.

Until this time it seems that the plan or combination of plans that will keep associated in one Bureau the greatest number of interests, all of whom are working for a common goal, is the best that can be hoped for during the next few years.

Any conscientious licensee will admit that there should be an Exchange Bureau. There seem to be only two ways in which an Exchange can become an accomplished fact. One, by compulsion, is to refuse a license to anyone who does not comply with the "One-loan" plan. The other, by attraction, is to make an Exchange so beneficial that one would be willing to submit to reasonable limitations to gain the valuable information obtained through it, such as, loans with other members, recorded notes and mortgages, judgments and foreclosures, location of skips and other valuable information.

In the INDUSTRIAL LENDERS NEWS of June appears the following quotation from Governor Ritchie's address:

"Neither society nor business should look too much to legislation to solve economic or social problems. Business should regulate itself so as to relieve the Government of the need of doing so. Organized business is often more effective to prevent abuses and punish wrongdoing in its own ranks than is the Government armed with the letter of the law. The question is altogether one of the ideals business sets for itself as the goal at which it aims."

STATE OFFICIAL IS DEAD AT 71 YEARS

DEPUTY BANKING COMMISSIONER SUCCUMBS TO WEAKNESS AFTER UNDERGOING OPERATION

Following an operation performed yesterday at McKinley Hospital, Thomas Kinney Johnston, of 8 Atterbury Avenue, for many years Deputy Commissioner of the State Department of Banking and Insurance, died this morning. His death was due to weakness which prevented him from rallying sufficiently from the operation. The funeral will be held Saturday afternoon at 2:30 o'clock from his late home. Interment will be in Riverview Cemetery, in charge of Ivins & Taylor.

Mr. Johnston was born in Trenton 71 years ago. He was the son of Alexander McCall Johnston and Caroline Snowden Johnston. He was educated at the old Trenton Academy and the State Normal School. When quite a young man, he became secretary to the late Henry C. Kelsey, who was then Secretary of State of New Jersey. In 1892, when the State Department of Banking and Insurance was created, Mr. Johnston was appointed deputy commissioner. He had filled this post ever since under the regime of Democratic and Republican commissioners. He was a Democrat but was never active in political circles.

When the department was reorganized this Spring, as the result of legislative enactments, Mr. Johnston was named head of the banking department and deputy for the entire department to represent Commissioner Edward B. Maxson.

Mr. Johnston is survived by his wife, Mrs. Elizabeth Kirby Johnston, and two daughters, Mrs. Milton H. Housel, of East Orange, and Miss Elma Lawson Johnston. He also has one brother, Butler M. Johnston, of Philadelphia. The late Gummere Johnston, who was for several years city engineer, was a brother.

To the above P. L. Alberse, chairman of the New Jersey Association adds: "He was the official who had charge of the administration of the Egan law in New Jersey. Of late years he understood our business pretty thoroughly and in his death the N. J. Association loses a good friend."

CREDIT MEN AID WAR ON "SHARKS"

Approval of the industrial lenders' banks, making small loans up to $500 at interest of 3½ per cent a month and operating under supervision of the State Banking Department, as authorized by the Georgia law, has been given by the Associated Retail Credit Men of Atlanta as one of the best means to overcome the practices of "salary-buying" moneylenders.

In resolution made public Wednesday, the credit men gave their assurance of coöperation in the campaign of the Atlanta Junior Chamber of Commerce and the Atlanta Legal Aid Society to exterminate the "salary buying" moneylender and his usurious interest of 10 to 40 per cent a month.

The resolutions, presented by Alfred L. Myers, of the Myers-Miller Furniture Company and past president of the Atlanta Retail Merchants' Association, were adopted unanimously after a talk by J. L. R. Boyd, general counsel of the Legal Aid Society. A committee headed by H. G. Schiff, was named to present them to proper authorities and to give aid to the campaign of the Junior Chamber of Commerce and the Legal Aid Society.

TEXT OF RESOLUTIONS

The resolutions follow:

"Whereas, in the State of Georgia remedial legislation has been enacted by State Legislature (August 17, 1920) regulating the business of small loans, under what is known as the Russell Sage small loan act, and

"Whereas, such legislation has given the protection to the small borrower by authorizing small loan banks, under state supervision, so organized as to enable small borrowers in need of money for consumptive purposes at rates of interest governed by scientific principles rather than the contractual ability or necessitous condition of the borrower, and

"Whereas, it appears that there is a widespread attempt all over the United States, the center of activity being in Atlanta, Ga., by high rate moneylenders to evade such law and to do business outside thereof by lending money at usurious rates under pretense of buying wages and salaries under the trade names of time merchants, thereby to a great extent nullifying the objects and purposes of all remedial small loan legislation and

"Whereas, there being at least 140 socalled salary buyers, or high rate lenders, in the City of Atlanta, with a clientele of several thousands of wage earners, who are paying these salary buyers, or high rate lenders, exorbitant charges or interest, in successive wage periods, for the use of small sums of money, which is causing the wage earner and their families great hardship and effecting the efficiency of the employe in relation to the employer; all of which is detrimental to the economic welfare of the employe and the employer.

"Therefore, be it resolved, That the associated retail credit men of Atlanta and the businesses they represent give aid and comfort to their employes found in the clutches of these salary buyers, or high rate lenders, by not arbitrarily discharging the employes so involved and to coöperate in every way possible with the Legal Aid Society and the Atlanta

Junior Chamber of Commerce in order to exterminate this practice of high rate lending which is detrimental to the healthful economic conditions of Atlanta."

PURCHASE OF SALARIES

In his talk Mr. Boyd said that the so-called purchase of salaries at "discount" of 10 to 40 per cent a month is merely a subterfuge for lending money at usurious rates. He said hundreds of unfortunate victims of "loan sharks" have come to his office in search of aid, telling pitiful stories.

"We have been told by wives of some victims, the mothers of large families, that they have been forced at times to go without food for themselves and their children because so much of the family income was consumed by the high interest charged by these sharks," he said. "The victims must keep on paying this interest because failure to do so would result in garnishment or attachment by the loan shark, and their jobs would be lost."

One of the members of the Associated Retail Credit Men informed Mr. Boyd that an employe had borrowed $6 from a "salary buyer" and was paying $1.75 interest every two weeks.

"Employers should ignore any and all partial assignments or time orders for the wages of their employes," said Mr. Boyd. "In accordance with the laws of Georgia, a partial assignment sold by a wage-earner to a salary buyer can not be collected by the salary buyer in law courts when a demand upon the employer for the wages is made."—*Georgian July 14, 1926.*

USURY AND USURY LAWS

BY FRANKLIN WINTON RYAN. BOSTON HOUGHTON MIFFLIN CO., 1924.—xxix, 249 pp.

From the Political Silence Quarterly June

This book contains a considerable amount of interesting material. There is a brief and at time inaccurate historical sketch of restriction on interest rates and the opposition thereto, centering on Turgot, Bentham and the American economists. To illustrate modern developments, the 1918 usury law in California and the repeal of the New Hampshire law in 1921 are discussed, with an eye to the arguments used in each case pro and con. The Department of Agriculture's study of actual rates in agricultural loans, 1921, is compared with the legal maxima, to show the ineffectiveness of the latter. The methods of evasion in this and other fields are hardly more than hinted at. The English, Indian and German methods of dealing with the problem are sketched and rejected as unadapted to our conditions. The Uniform Small Loan Law is then presented and approved, showing its background, rationale, methods and effect. A few improvements looking toward flexibility are suggested, derived largely from the Massachusetts practice, and necessarily limited by their expense of administration to the more densely populated states; perhaps they are unnecessary elsewhere. There are a number of appendices: extracts from reports on usury in 1818, 1834 and 1850; partial texts of the English and Indian Acts; the Uniform Small Loan Law; an abstract of usury, small loan, and pawnbroking law throughout the country, in 1921. The author properly indicates that the laws are for his purpose of interest only so far as other data are available which indicate their effect.

The book makes out its case that general statutory maxima do not in fact prevent the cost of loans from rising above the maxima, either openly or by use of evasions. It does *not* prove that such maxima do not *often* materially clog the rise of rates; i.e., it tends in its discussion of the fixing of interest rates at the margin to overlook the power of custom, and the statute as a factor in fixing customary expectation, and slowing up change in such expectation. It presents an opinion, not documented, that such maxima deprive many borrowers of needed capital by either inducing "exportation of capital" from the district subject to the maximum, or inducing would-be lenders to use their own capital rather than resort to evasion or law-breaking. It argues and as regards the needy borrower for consumption, very persuasively—that to stigmatize the lender who takes only cost and fair profit as a "usurer" and "law-breaker" reacts against the borrower by driving all but the shark out of the lending field. It properly advocates the small loan law as one based on sound study and proved in practice: a special, rather than a general statutory maximum, adapted to its own case.

The major thesis of the book is that wherever there is a market under competitive conditions, interest rates will adjust themselves according to earning power of capital at the time; that only moral usury—exploitation of the needy borrower—needs checking; that only when that need is met will the public stand for abolition of the general statutory maximum. This is sound enough and needs saying. But the whole volume is vitiated by the curious assumption that only in loans of less than $300 are "non-competitive" conditions of exploitation of the needy borrower found. "Exploitation" is of course ethical, and therefore a relative, term. But the Willett-Sears and Knauth, Nachod & Kuhne transactions are fresh in the public mind; such cases as Silverstein v. Taubenhimmel (209 N. Y. App. Div. 710), recur even in our law reports. To the reviewer, therefore, this particular assumption seems naive. And he views with doubt a goodly number of other assumptions made by the author. Nor are his doubts removed by the author's saying over and over again each point deemed important, till the half-dozen mark is often passed. Iteration is no substitute for fact.

K. N. LLEWELLYN.

CLEVELAND HOST CITY TO A. I. L. A.

Political History and Civic Progress

BY CONVENTION BOARD,
Cleveland Chamber of Commerce

The members of the American Industrial Lenders Association will find a city noted for extraordinary freedom of thought in politics and for unique achievements in civic endeavor. They will find, among other things, a City Manager form of government, a Community Fund for all charitable purposes and a Mall, or group plan of public buildings somewhat after European custom.

While each of these features have claimed wide attention, probably nothing in the entire civic history of Cleveland has brought the city into the public eye more than the adoption of the city manager plan of government in 1921 and putting the plan into effect in 1923-24. No city of Cleveland's rank in America had ever tried the plan. The proportional representation system of voting, that went into effect at the same time, has rarely been tried anywhere in the United States.

And yet Cleveland did not enter into the city manager plan without careful consideration and long study of the possibilities of the system, nor without considerable opposition of organized elements. The movement for the adoption of the plan began in 1916 with a conference of fifty civic, labor and professional organizations. From this conference came a committee of fifteen citizens, who made a further investigation, collected material, held mass meetings, and finally reported its findings. After a long delay due to the war the issue went to the voters.

The city charter now provides for a council of twenty-five members to be selected from large districts by the Hare system of proportional representation. The council is the legislative and policy-forming body of the city. It elects a Mayor, who acts as official representative of the city on state occasions and presides over the Council. It appoints, outside of its own number, a City Manager who is administrative officer and is responsible for all the department heads and personnel under them.

Cleveland citizens hoped to obtain better executive ability in the administration of municipal affairs by this new plan. There was an apparent desire to rid the city of spoils politics and to relieve it of the influences of boss politicians. Whether these objects are to be attained remains for future years to determine.

EARLY POLITICAL HISTORY

From early pioneer days down to the present time Cleveland has always been blessed by well-balanced public opinion. This may be traceable to the fact that the city, due to its geographical location and industrial growth, early became the mecca for hosts of immigrants, who added freedom of thought and action to the conservative traditions of the city's founders. Census figures for 1920 show that there were 239,538 foreign-born to 522,488 native residents in Cleveland.

Into this melting pot in the late 80's stepped a man whose political doctrines have had a decided influence on the community, and whose untiring efforts in behalf of the people have borne fruit in many features of the city's municipal progress. The memory of Tom L. Johnson, for eight years Cleveland's mayor, is revered by all citizens. Chief among his accomplishments was a three-cent street car fare rate, obtained after a spectacular battle of eight years with the street railway company.

Cleveland's political history has been marked by three national political conventions. One of these was the first national convention of women's suffrage advocates, held in 1869. The National Republican Convention was held here in the 60's and again in June, 1924. Judging from the favorable comments of delegates to the latter meeting, Cleveland will be the scene of many other national political meetings in the years to come.

THE COMMUNITY FUND

Next to the City Manager plan of municipal government, Cleveland's Community Fund probably has excited greatest comment nationally. Every large city has its social and philanthropic problems, but it remained for Cleveland to find a logical and pleasing solution. Incentive for the movement came with the success of the War Chest Campaign, the idea of which also was born in Cleveland.

Cleveland's subscription to the Liberty Loan fund was $67,000,000, which exceeded its maximum quota, as fixed by the War Finance Committee, by $22,000,000. In the Red Cross campaign, Cleveland contributed $5,000,000, a larger amount per capita than any other city and an amount exceeding its allotment by one hundred per cent.

The same forces behind the local Victory drive joined with welfare organizations in promoting the Community Fund in November, 1919. Forty individuals made up the governing body, representing the contributing public, the Welfare Federation, the Federation of Jewish Charities, the City Administration and the Chamber of Commerce.

The first campaign resulted in raising $4,026,000, which went to supply the needs of more than one hundred charitable institutions in the following year. Subsequent campaigns were equally successful, as the following report of the Campaign Committee shows:

	Campaign Goal	*Amount Received*	*No. of Pledges*
1919	$3,425,000.00	$4,026,000.72	148,234
1920	4,500,000.00	4,333,770.52	233,968
1921	3,763,545.00	3,803,115.98	310,308
1922	4,500,000.00	4,250,427.63	386,667
1923	4,200,000.00	4,172,295.25	391,199
1924	4,375,000.00	4,381,000.00	423,000

One week each year is devoted to raising this money. Thousands of workers give up all or a large part of their regular occupations, newspapers devote much space to the subject, and speakers tell the story of the city's needs to thousands from the platform and by radio. As a result, more than 423,000 persons now contribute to charitable purposes where only 5,000 contributed before. The fund serves all classes of charity, regardless of religious faiths. The budget for 1925 covers the following types of service:

Family Relief and Protection	$970,564
Hospitals and Dispensaries	855,269
Other health services, i. e., visiting nurses, service to blind, crippled or disabled, Anti-Tuberculosis League and preventive measures	208,036
Child Caring Agencies	676,852
Recreation and Character Building	798,003
Care of Aged and Infirm	47,886
National Agency Fund	165,000
Community Fund (including campaign), Welfare Federation and Federation of Jewish Charities	255,280
Reserve Fund	390,000
Total	$4,375,000

THE MALL

Cleveland established a precedent in the civic history of American cities when it established its Mall, or group plan of public buildings. This aggressive civic step has attracted world-wide attention and is a source of ever-increasing interest to the visitor.

The plan provides for the establishment of these buildings on a tract of approximately 104 acres of land extending from the heart of the business section to the lake front. This enterprise, when completed, will represent an outlay of approximately $40,000,000. At present the site is occupied by the Federal Building, costing $3,870,000; the Cuyahoga County Courthouse, costing $4,500,000; the City Hall, costing $3,330,000; the Public Library, costing $4,600,000; and the Public Hall, costing $6,900,000. An appropriation is outstanding for a Criminal Courts building and a new School Administration building has also been planned.

CHAMBER OF COMMERCE

The Cleveland Chamber of Commerce has contributed much to the city's civic growth. Made up of men from virtually all walks of life, it represents a fair average of the cross section of Cleveland citizenship. Therefore it comes as near as possible to representing the desires of the majority in its various undertakings. Practically every angle of business, civic and social life comes within the influence of this body and its associated organizations.

The Chamber of Commerce is given credit for having the best organized transportation service in the United States. The work of its transportation department ranges from citing specific freight rates on given commodities to presenting the case of Cleveland before state and commerce bodies on rate regulation subjects. It not only seeks to help the large manufacturer, but it also looks after the interests of the small shipper and at the same time is noted for its fair attitude to the carriers.

Its Foreign Trade Committee not only has rendered service to members but has gone far into the field to demonstrate to manufacturers that they can greatly increase their markets through export. The federal government has recognized this department with frequent district conferences here. Other departments, equally active in contributing to Cleveland's business and civic advancement, are the Convention Board, Cleveland Safety Council, Grain and Hay Exchange, Retail Coal Dealers' Board and Retail Merchants' Board.

J. C. TO CARRY "SHARK" WAR INTO 23 STATES; LAUD ATLANTA FIGHT

The war on "salary buyers" and "loan sharks," inaugurated by the Atlanta Junior Chamber of Commerce several weeks ago, will be carried into twenty-three states as the result of action taken Saturday by the national convention of Junior Chambers at Jacksonville, Fla., in adopting a resolution authorizing the appointment of a committee to investigate conditions in all the larger cities of the United States affected by the operations of high-rate money lenders.

The progress made by the Atlanta Junior Chamber of Commerce in obtaining the coöperation of the press and business organizations generally in its drive on the salary buyers was acclaimed by the convention, which in its program for the year placed this remedial move for the protection of the small wage-earner at the top of the list as one of its three major enterprises.

In its drive on "loan sharks," the Atlanta Junior Chamber of Commerce has been aided by *The Georgian*, which fact was brought out on the convention floor, and pointed the way for other cities.

The resolution follows:

"WHEREAS, In twenty-three states of the United States remedial legislation has been enacted by State Legislatures, regulating the business of small loans, under what is known as the Russell Sage uniform small loan act, and

"WHEREAS, Such legislation has given protection to the small borrower by authorizing small loan banks, under state supervision, so organized as to enable small borrowers in need of money for consumptive purposes at rates of interest governed by scientific principles rather than the contractual ability or necessitous condition of the borrower, and

"WHEREAS, It appears that there is a widespread attempt all over the United States by high-rate money lenders to evade such law and to do business outside thereof by lending money at usurious rates under pretense of buying wages and salaries under the trade names of time merchants, thereby to a great extent nullifying the objects and purposes of all remedial small loan legislation; therefore, be it

"Resolved, That the United States Junior Chamber of Commerce, at its seventh annual national convention, does authorize its president to appoint a committee to investigate the condition referred to in the larger cities of the United States and to coöperate with the Russell Sage Foundation, the National Association of Industrial Money Lenders, and the National Association of Legal Aid Societies, with a view of forming small loan and investment committees, and free legal aid committees and recommending such action as may be thought necessary for the United States Junior Chamber of Commerce."—*Georgian, June 28, 1926.*

NEW MEMBERS

Add these to your 1925 Year Book Directory:

Personal Finance Co., 45 State St., Bangor, Maine.

Alabama Cash Credit Corp., 215 N. Twenty-first St., Birmingham, Ala.

Illinois Cash Credit Corp., 109 N. Dearborn St., Chicago, Ill.

Kentucky Cash Credit Corp., 421 Marion E. Taylor Bldg., Louisville, Ky.

Newark Cash Credit Co., 415 Market St., Camden, N. J.

Newark Cash Credit Co., 519 Main St., E. Orange, N. J.

Newark Cash Credit Co., 80 Broad St., Elizabeth, N. J.

Newark Cash Credit Co., 31 Mercer St., Hackensack, N. J.

Newark Cash Credit Co., 137 E. State St., Trenton, N. J.

Newark Cash Credit Co., 988 Bergenline Ave., Union City, N. J.

Newark Cash Credit Co., S. E. Cor. Broad and Chestnut Sts., Philadelphia, Pa.

COMMUNICATIONS

SORFOLK, VA., *July* BG, VTBF.

Dear Mr. Kehr:

As I wrote you before, my resignation as Secretary of the Virginia Industrial Lenders Association will take effect on August 1st, as I am leaving for Detroit, Mich.

Harry M. Fenner, Manager Citizens Small Loan Society, 201 New Monroe Bldg., Norfolk, Va., will take charge of my duties until our next regular meeting in October, when a new Secretary will be elected.

Very truly yours,
FRANK BRAY.

PENNSYLVANIA

REPORTS OF OFFICERS

A meeting of the Pennsylvania Industrial Lenders Association was held at the Glenn Valley Club, Reading, Pa., on Tuesday, July 13, 1926.

Secretary's report: Licensees members of Association, 128. Licensees paid to date, 121.

Treasurer's report: Cash in bank, July 13, 1926, $2,349.61.

REPORTS OF STANDING COMMITTEES

Membership Committee: Mr. Moss, Chairman, reported having circularized all nonmembers of our Association and sent them application blanks with good results. On motion of Mr. Kehr, seconded by Mr. Lyons, the report of the membership committee was received with thanks.

Legislative Committee: Chairman Kehr suggested that all members make the acquaintance of the legislators from their district, so as to be able to contact them at the next session of the legislature if necessary.

Publicity Committee: Various members of the committee reported they had very fine results with the papers in the following cities: Reading, Scranton, Allentown and Hazelton and the copies would be forwarded to the chairman, Mr. Moore.

Vigilance Committee: In re the Auto Owners Finance Co., of Philadelphia, a conviction was rendered by the jury, and the defendants are now preparing an appeal to the higher courts.

Entertainment Committee: Chairman, Mr. Webster, reported having engaged the Ball Room of the Bellevue-Stratford Hotel, Philadelphia, for our annual meeting to be held on November 18, 1926, and requested an order on the Treasurer to take care of the necessary expense. Upon motion of Mr. Watts, seconded by Mr. Lyons, the report be received and one thousand dollars was put at the disposal of Chairman Webster.

REPORTS OF SPECIAL COMMITTEES

Mr. Young reported for the committee that was appointed to obtain legal talent to assist the Banking Department, with the auto prosecutions, that it was unnecessary to obtain legal talent at this time.

Moved by Mr. Webster, seconded by Mr. Watts, the same committee be continued with power to function whenever necessary.

NEW BUSINESS

Mr. Herron reported for Mr. Moore, having contacted the *Philadelphia Inquirer* for the purpose of having the heading of the classified advertising column changed so as to make more clear the purpose of our advertisements, and that we not be classified with pawn shops and other types of lenders. Mr. Moore also contacted the Better Business Bureau, the purpose of which is the elimination of unfair and misleading advertising in the press.

Upon motion of Mr. Watts, seconded by Dr. Mueller, the Secretary was instructed to secure all data as to costs of membership, etc., in the Better Business Bureau, and report at our next meeting.

Upon motion of Mr. Watts, seconded by Mr. Kehr, the Secretary was elected a delegate to the National Convention to be held in Cleveland, Ohio, and all expenses of himself and wife to be paid by the Association.

Upon motion of Mr. Davis, seconded by Dr. Mueller, the Chairman of the Legislative Committee was instructed to appoint four additional members of the Legislative Committee in addition to the present chairman.

Upon motion of Mr. Hart, seconded by Mr. Webster, a telegram from Mr. Ezekiel was read, expressing his good wishes to our meeting and the Secretary was instructed to acknowledge same, and convey the feeling of the Association for his speedy recovery to good health.

NOMINATION AND ELECTION OF NEW MEMBERS

Having complied with all the requirements of the by-laws of our Association, upon motion of Mr. Davis, seconded by Mr. Buck, the New England Equity Corp., 9 N. 52nd St., Philadelphia, and the Loan Society of West Philadelphia, 5 S. 60th St., Philadelphia, were Selected to membership.

Application of the Beneficial Finance Co., 537 Real Estate Trust Bldg., Philadelphia, was read, having complied with all the by-laws of our Association.

Upon motion of Mr. Moss, seconded by Mr. Hart, the Beneficial Finance Co. was elected to membership, subject to the approval of the Executive Committee.

At this time Ex-Mayor Stauffer, of Reading was introduced to the Association and gave a splendid talk to the members. Upon motion of Dr. Mueller, seconded by Mr. Watts, a rising vote of thanks was tendered Mr. Stauffer for addressing us.

WALTER S. HERRON, *Secretary.*

[The Secretary devoted his minutes of the above meeting to the brief business session that was held but omitted to say that this was the annual outing of the Pennsylvania Association and one of the most popular meetings scheduled during the year.

It generally is attended, and this year was no exception, by a couple hundred people who came from most parts of the state for a good social time and they get it in the mountains outside of Reading.

Hiking and quoits furnish the chief form of exercise in which almost everybody participates. Then comes the good eats and thirst quenching liquids which put everybody in good humor. The day is gone before it is realized and the crowd goes back to the job refreshed by the outing. EDITOR.]

TENNESSEE

The third quarterly session of Tennessee Industrial Lenders Association convened at the Whittle Springs Hotel, in Knoxville, Friday, July 23d. More than a score of members were represented. O. H. May, of Knoxville, Chairman, presided.

The afternoon session was devoted to business and general discussion. Delegate to the National Convention to be held in Cleveland, September 16, 17 and 18 was elected. State Secretary G. B. Love will represent the Association at the National Convention. An address, "The Necessity of the Uniform Small Loan Law," by Perry A. Hodge, of Nashville, was very enthusiastically received, also an address, "The Loan Business in General," by Mr. Everett F. Moore, who is Southern Supervisor for Beneficial Operating Bureau. If Mr. Moore's suggestions and advice are lived up to by the Tennessee members, we feel sure that they will all be more than benefited.

A dinner dance was held in the evening with more than 100 guests in attendance. Michigan Central Maxwell, as toastmaster, presided and kept a varied program and entertainment, which included several dance numbers, music and skits, moving along in good order.

J. Basil Ramsey, cashier of the Third National Bank, addressed the Lenders on "The Difference Between Banks and Small Loan Companies." Mr. Moore again spoke having as his theme, "Why the Necessity of An Institution to Give Some Source of Financial Relief to the Working Class?"

Dean Malcolm McDermott, of the University of Tennessee Law School delivered an address on "Why I Favor the Uniform Small Loan Law." He talked also upon the general loan business.

G. B. LOVE, *Secretary.*

INDIANA INDUSTRIAL LENDERS ASSOCIATION

Bulletin No. 12. August 1, 1926

NEW MEMBER

Legal Loan Co., 105 W. Jefferson Blvd., South Bend.

ITEMS

Wedding announcement of recent date —Ruth East, Huntington, and Guy L. Stump, Manager, Legal Loan Co., Huntington.

American Credit Co. have discontinued their Kokomo office and have transferred all accounts for collection to Legal Loan Co. of Kokomo.

Fred Davies and H. E. Arnett were delegates to the International convention Kiwanis Clubs held at Montreal. Mr. Davies is President of the Kokomo Club, while Mr. Arnett, of Marion for years has taken a very active part in the Marion Kiwanis Club.

W. R. Hancock, Indianapolis, also attended the International Convention of Kiwanis Clubs held at Montreal, and is now fishing at Lake James.

The Metro Loan Co., managed by our congenial smiling Fred J. Schurmann, have recently moved their offices to 300 Roosevelt Bldg.; it will do all members good to visit their beautiful office when in the city.

MESSAGE FROM PRES. F. L. THOMPSON

Dues are still due—those who have not paid, a check will be appreciated. Secretary remarks. The Indiana Industrial Lenders Association is making a bid to bring the A. I. L. A. Convention to Indianapolis in 1927. In order to accomplish this it will be necessary to have a large attendance at Cleveland. Your com-

Every tick marks an opportunity!

You have only 10 or 15 years to make good in your business life—to determine whether you are going to be a leader or a follower—an executive or a subordinate. Every second you delay, linger and wait decreases your chances.

The Small Loan business is a business in its infancy—one of OPPORTUNITY for those who have the initiative to seize it.

There are rich prizes for men WHO KNOW.

Our course gives the fundamental basic training which will enable you to climb to any place you desire. It gives in two years the knowledge it has taken others their whole life to acquire.

Grasp the OPPORTUNITY! Fill out the coupon today!

INDUSTRIAL LENDERS TECHNICAL INSTITUTE

468 FOURTH AVENUE, NEW YORK CITY

(Cut and Mail)

INDUSTRIAL LENDERS
TECHNICAL INSTITUTE,
468 Fourth Avenue, New York City.

Please enroll me for your ten-month course in Industrial Loans. My check for $4.50 to cover my tuition fee for the first month is attached.

Name .....
Position .....
Employed by .....
Street and Number .....
City and State .....

mittee in charge of this work is bending every effort toward success and it will help them in their work if you will write Secretary Hartz at once and let him know that you are going. Numerous stunts and Indiana activities are being planned. The A. I. L. A. will have a special headquarters, banners, badges and some special entertainment. Let's break attendance records in Cleveland, September 15-16-17.

At the suggestion of one of our most enthusiastic Association workers, I am appointing a Grievance Committee, Fred J. Schurmann, Chairman, Indianapolis; Fred Davies, Kokomo, Roland Coons, Shelbyville. It will be the duty of this committee to receive and carefully investigate complaints of abuses of our law, controversies between members, and other kindred troubles and to report their findings to the secretary for action by the Executive Committee. You will take notice of this committee as it will prove additional service in raising the standard of our business and promoting good fellowship by a careful analysis and investigation of the matters brought before it.

Skips

William P. Canine, Crawfordsville, to U. S. Army, Mayville.

Davis, Glen W. and Mable, Crawfordsville, to Montreal, Can.

Rush, Gerald and Manda, Crawfordsville, to Illinois.

Osborn, Jasper and Lula, Crawfordsville, to Terre Haute.

Hicks, Herbert and Pearl, Crawfordsville, to Hammond.

Stephens, Robert A. and Mae, Rockford, Ill., to ?

VanStone, Howard and Mamie, Rockford, Ill., to ?

Smith, Fred and Marie, Rockford, Ill., to ?

Fulgham, Harry L. Widr, Lafayette, to ?

Murphy, Jonas and Susie, Lafayette, to ?

Rose, Paul W. and Maude, Lafayette, to ?

Cain, John and Ruth, Delphi, to ?

Gillett, Earl and Emma, Delphi, to ?

Lenon, D. Merle and Eva, Delphi, to ?

Trout, Ray R. and Pearl, Frankfort to West Palm Beach, Fla.

Price, Chas. Widr, Frankfort, to ?

Clemons, Leonard, Lebanon, to Noblesville.

Nibarger, Abe and Nellie, Lebanon, to Indianapolis.

Tice, Chas. B., Anderson, to Wabash.

Craig, Jacob, Anderson, to Muncie.

If you locate any of these notify the secretary. Your mail will not be answered until after August 15th. Ye secretary is leaving and will tell you some fish stories later.

FIRM'S SLOGAN "SERVICE FIRST"

Capitol Loan Company in Business 24 Years

"Service first."

That is the sloan of the Capitol Loan Company, 141½ E. Washington St., which has been in business in Indianapolis for twenty-four years.

The company has built a reputation for fair dealing and service, justifying its business slogan, according to L. L. Bishop, manager. It makes chattel loans up to $300 on pianos, automobiles, household goods and other chattels.

Since the new Indiana loan law, passed seven years ago, the loan business in our State has undergone a radical change, Bishop said.

Bishop asserted that the old stigma of the loan business is a thing of the past and that the loaning of money now is looked upon as potent, essential factor of business progress.

The Capitol Loan Company is a member of the State and National Money Lender's Association. It also is a member of the E. Washington St. Merchants' Association.—*Specimen of reader ad. in the Indianapolis Times, April 26, 1926.*

HOTEL RESERVATIONS

The Cleveland Convention Committee of the A. I. L. A. as well as the management of the Hotel Statler are very anxious that you make your reservations for the Convention on September 15-16-17 if you have not already done so. Our convention comes at a time when the Hotels are doing a large business and we want everybody to have first-class accommodations. *Please* make your reservations *now*. Write to the Hotel Statler, Cleveland.

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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. XI, No. 3. SEPTEMBER, 1926 Price, $1.00 a year.

THE LIBRARY OF THE UNIVERSITY OF ILLINOIS

MEETING SCHEDULE

OHIO—Annual and biennial managers' meetings of the Aufderheide and Mackey organizations, September 13, 14, Cleveland.

OHIO—Annual meeting, O. I. L. A., Cleveland, September 14.

OHIO—National Convention, Cleveland, September 15, 16, 17, Statler Hotel.

WEST VIRGINIA—Huntingdon, October 7.

CONNECTICUT—Farmington, October 13.

VIRGINIA—Norfolk, October 21.

MICHIGAN—Detroit, October 21.

INDIANA—Terre Haute, November 17.

ALL ABOARD FOR CLEVELAND

The stage for the Twelfth Annual National Convention of the American Industrial Lenders Association, September 15 to 17, at Hotel Statler, Cleveland, is all set, and preliminary details are all arranged by the Committees which have been in charge. The General Chairman, Colonel D. H. Pond, who has been in ill health for some time, is rapidly recovering and is expected to be at the top of his form when the Convention opens.

The program as announced in our August issue, with a few minor corrections, will be carried out. Sessions will be held in the Lattice Room of the Statler Hotel instead of the Ball Room as first announced. There will be no sightseeing trip but there will be a theatre party for the ladies Thursday afternoon. Of course, this does not mean that if the ladies are not interested in the business sessions during the day that they cannot go sightseeing if they wish, but there will be no organized tour.

Frank Schneider and his Committee have arranged a very interesting schedule of events for the entertainment of the Convention at Regnatz Wednesday afternoon, as may be noted by the accompanying program.

Arrangements have been made with the Euclid Square Garage Operating Co., 1915 East 13th St., Cleveland, for taking care of the cars of our members who motor to Cleveland. The rates will be $3,75 for three days, and $5.00 for five days. According to reports, the list of hotel reservations has been very heavy which indicates that the Cleveland Convention is likely to be a record breaker from many standpoints. Be sure to register at Convention headquarters as soon as you arrive and deposit the blank ballot unsigned in the box provided by the Registration Committee indicating the amount invested capital employed by your organization and the number of loans made last year. These statistics are wanted for important purposes and as they are not to be signed no one will be disclosing any secrets, if the size and volume of one's business may be so considered.

A group photograph of the whole turn out will be taken at Regnatz Wednesday afternoon. Be sure to be in it.

All aboard for Cleveland!

PRINCIPLES OF "SMALL LOANS"

A Letter from Educational Institute Discusses the Problem

INDUSTRIAL LENDERS
TECHNICAL INSTITUTE

468 Fourth Ave., New York, N. Y.,
May 28, 1926.

Editor United States Investor:

As educational director of the only school teaching the business of making small loans, I was particularly interested in an article appearing in the April 3rd issue of the *United States Investor*.

This article entitled, "Small Loans for Savings Banks," has aroused in my mind considerable speculation concerning the breadth of business vision of those who direct the policies of these mutual savings banks of Massachusetts which are attempting to add to their legitimate business, that of making risky small loans.

Inasmuch as the business conducted under the Uniform Small Loan Law of the principle states is that of making risky small loans, it is obvious that no savings bank or other bank of deposit should subject its depositors' funds to this sort of risk, nor would the prudent public deposit their savings in a bank known to make risky loans of this character. The largest amount which may be lent under the small loan law is $300, and it is not large enough to be profitable to the ordinary commercial or savings bank. Moreover, a commercial bank is not equipped to take care of the needs of this type of business.

A Different Field

The acceptance of deposits, or the making of loans on collateral, with a valuation in excess of the loan requested, is one field of credit finance. The acceptance of collateral which could not in any sense be considered bankable security and which, moreover, is left in the hands of the borrower, trusting upon the credit manager's recognition of the borrower's true moral, credit worth and earnings is another field of finance which requires years to learn and which moreover, is only developed by actual contact.

In the old days the poor man had only one recourse in time of emergencies and that was to apply, with collateral, to the nearest pawnbroker. These pawnbrokers held his security and sometimes charged exorbitant rates for the use of the small fraction of the value of the collateral actually advanced to the customer. In few cases were larger sums advanced than 10 per cent to 20 per cent of the actual salable value of the article pledged.

Four Requirements

Properly-conducted small loan companies operated under the provision of the small loan laws endeavor to protect a customer against himself as well as to provide for his financial emergencies. Their requirements, interesting and little known, follow:

1. That the customer prove his moral stability.
2. That the customer use the money obtained for a constructive purpose.
3. That the customer so arrange his re-payment schedule that his family will not be pinched or inconvenienced.
4. That the customer be of settled habits, not inclined to shift employment often, and that he either be married or supporting relatives.

You will notice that the major emphasis is placed upon the customer's moral standing, as evidenced by his reputation in the community in which he lives. The second requirement is that the customer indicate his stability in that community by his employment record. The third requirement is that he be established in some sort of a home, although little emphasis is placed upon the value of the customer's collateral.

Unlike Banks of Deposit

It can be readily seen that there is no conflict in business interests between the bank of deposit, the Morris plan, the pawnbroker and the small money lender. It sometimes happens that, owing to a service policy that is not soundly based, that one institution or another will invade a field of service which should be strictly reserved for the institution equipped to render the public the most efficient service in that particular field.

INDUSTRIAL LENDERS NEWS

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

NATIONAL OFFICERS, 1925-1926.

Chairman, E. P. East, 605 Colonial Trust Bldg., Philadelphia.

Treasurer, C. H. Watts, 468 Fourth Ave., New York City.

Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—H. G. McMullin, 757 Main St., Hartford.

Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.

Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.

Ind.—F. L. Thompson, Shelbyville.

Iowa.—C. M. Dehnert, 252 K. of P. Bldg., Des Moines.

Me.—W. M. Snow, 465 Congress St., Portland.

Md.—C. Howard Hood, 455 Calvert Bldg., Baltimore.

Mass.—H. J. Desormaux, 96 William St., New Bedford.

Mich.—Norman Buckner, 5 S. Saginaw St., Pontiac.

N. H.—F. A. Brodeur, 999 Elm St., Manchester.

N. J.—P. L. Alberse, Romaine Bldg., Paterson,

Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.

Pa.—W. Young, 220 S. 16th St., Philadelphia.

R. I.—G. E. Rich, 26 High St., Pawtucket.

Tenn.—O. H. May, 201 Day Bldg., Knoxville.

Va.—L. E. Pope, 206 E. Grace St., Richmond.

W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.

Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.

Finance, W. P. Woll, 360 N. Michigan Ave., Chicago.

Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.

Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.

Publicity, L. K. Osborne, 32 Ruggery Bldg., Columbus, O.

Membership, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

STATE SECRETARIES.

Conn.—W. J. Miller, 805 Main St., Hartford.

Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.

Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.

Me.—H. S. Crosby, 163 Main St., Lewiston.

Md.—J. Rosenfield, 941 Equitable Bldg., Baltimore.

Mass.—C. C. Rock, 209 Tremont Bldg., Boston.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.

N. H.—Sarah F. French, 413 Amoskeag Bank Bldg., Manchester.

N. J.—V. L. Buchman, 203 E. State St., Trenton.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penn.—W. S. Herron, 404 Denckla Bldg., Philadelphia.

R. I.—E. La Gueux, 76 Dorrance St., Providence.

Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.

Va.—H. M. Fenner, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

Guaranteed notes or bankable security or real estate should not be accepted by any small loan office. They do not justify the rate of interest prescribed by the Uniform Small Loan Law. The same thing may well be said in respect to real estate loans. They do not justify the rate of interest charged.

Guaranteed note loans, real estate loans, or loans of any bankable security should be granted by some bank of deposit or mortgage company in an amount not larger than the security will justify, say 6 per cent of value.

Unsecured loans, such as loans repayable in 5 to 20 monthly instalments, secured by chattel mortgage on the signature of husband and wife only and theoretically secured by household furniture which is left in the possession of the borrower, is the proper instrument for small loan offices conducting their operations under the provision of the Small Loan Law. In fact, this is the only type of business which justifies the existence of such offices.

These loan offices must, however, be regulated and policed both from within and without. The American Industrial Lenders Association and the various state associations have done much in policing the loan business, and in educating lenders in the making of helpful risky small loan service to the public.

Field Sharply Defined

The growing conviction of small loan office managers that their field of operations is sharply defined and does not conflict with any other established financial institution, but fills a gap in the financial structure, is based largely upon the educational and missionary work done by the state and national associations and the state officials which license such lenders. The general use of local credit bureaux is a safeguard both to the public and to invested capital for honest credits.

Another thing that the bank of deposit about to enter the field of small loans should take into consideration is the fact that borrowing, like most other human traits, is a disease, and that it requires a certain type of financial medicine to effect a cure that the bank of deposit is not prepared to give.

Paradoxical as it may seem, loan offices do not make money by lending to the same people over and over again. The old stories about the pitcher that went to the well once too often, and the straw that broke the camel's back, apply every day to some customer of small loan offices. Small loan companies have devoted much time, money and thought to the best way to remedy this evil. The solution, once found, was so obvious that the only wonder was that it had not been discovered before.

A Financial Doctor

When a man is sick he goes to a doctor, and if he follows the doctor's advice, he may reasonably expect to get well, unless his ailment is chronic and incurable. The same thing is true of any person in financial difficulty. The average person must go to someone for financial advice. The man best qualified to give this advice is the small loan office manager whose experience as financial doctor in thousands of similar cases qualifies him to prescribe the treatment necessary to put the customer back on his financial feet.

This treatment is generally carried out by the use of the budget. The offices under the supervision of the Beneficial Operating Bureau have a very fine family budget, designed for the use of loan office customers whose financial condition indicates that their low financial status is due to a disregard of the benefits of economical and proper expenditure of income. The budget does not usually apply to the wage-earner who is faced by some sudden emergency which he could not reasonably foresee, but it does apply to the vast majority of loan office customers. These small loan managers are instructed in the proper use of budgets, and have at their disposal budget arrangements for all incomes likely to be met. In most cases they can easily discover just where the leak in the customer's finances happens to be and, by a rearrangement of expenditures which are kept track of in the budget issued gratis to each customer, the customer is at once enabled to keep a definite check on every dollar spent, and to call a halt on his expenditures when the danger mark is reached. The use of the budget, in addition to inculcating the beneficial habit of thrift, is a material aid in systematizing the affairs of the household, and its use is conducive to the establishing of a proper financial reserve as well as to domestic happiness.

Costly Experience

There are many angles in the business of making risky small loans with which banks of deposits are unfamiliar. This knowledge can only come as a result of actual operating experience which is sure to prove costly. It is impossible for the writer to reconcile the use of depositors' money in this business. The only capital that should be employed in the business of making risky small loans is that supplied by men who are fully aware of the business they are financing and who are content to receive a reasonable return upon their investment. The potential profits of corporations engaged in the business of making small loans are dependent entirely upon the quality of their management. This can be proven when available records show that offices owned and managed by the same companies, using the same advertising and located across the street from one another, will develop entirely different types of businesses and show an entirely different ratio of profits. This is abundant proof that management is the prime factor which determines the safety of the capital employed. There are so many angles to the small loan business which affect proper financial structure, ethical operation, connections with credit information bureaux, legislative problems, public welfare problems and problems of scientific operation, that it is impossible to go into detail concerning them at this time.

The foregoing is offered in the hope that it will bring to the attention of bankers, Morris Plan Company operators and pawnbrokers, the sharp definitions of their proper fields of activities and the fact that none of these fields either overlap or conflict.

Cordially yours,

Clarence Hodson, Jr.,

Educational Director.

U. S. Investor, July 31, 1926.

MORRIS PLAN CONVENTION

Mr. Theodore Francis Green, president of the Morris Plan Bankers Association, announces from association headquarters in Philadelphia, that Asheville, N. C., had been chosen as the convention city for the seventh annual meeting of delegates from Morris Plan banks and companies throughout the United States. The session will extend over three days—October, 18, 19 and 20.

Mr. S. L. Forbes, treasurer of the Asheville company, will serve as convention chairman, and Walter D. Brown of Philadelphia, secretary-treasurer.

In addition to delegates from 113 cities, where this form of industrial banking is in operation, there will be savings and commercial bankers who are making an intensive study of this type of finance.

Figures made public by President Green indicate that Morris Plan banks and companies have loaned more than $800,000,000 since the inception of the first one in Norfolk, Va., in 1910. The number of loans exceed 3,845,000, or an average of $208 per loan. In addition the public now holds $61,000 000 worth of certificates or deposits in these institutions. The total resources approximate $150,000,000.—*U. S. Investor, July 31, 1926.*

THE SALARY-BUYERS MUST GO:

Campaign to Eradicate Infamous Usury Practiced by Financial Scavengers Started by Russell Sage Foundation; Wage Sales Are Non-Binding

By Leon Henderson,

Director, Department of Remedial Loans, Russell Sage Foundation

Heartless human jackals with their lairs in Atlanta and Cincinnati and their outposts in nearly every important railroad center are terrorizing railway workers through a new device known as "salary buying." Through illegal contracts, wages are purchased and the borrower placed in bondage to unscrupulous money lenders, compared to whom Shylock was a benefactor. The Russell Sage Foundation is waging a winning battle to stamp out these loan sharks by broadcasting the information that their contracts are void or voidable and can be ignored. Better yet, their contracts should be brought into court to pave the way for penitentiary terms for violation of state usury laws.

Jim Magee was a brakeman on the New York Central in Cleveland. One day he received a nice, smoothly-worded letter from the Union Purchasing Company. The letter advertised "Money for Salaried Men. No Mortgage—No Endorsement—No Collateral. We let you have money at the time you apply for it."

Jim was a little short of ready cash, and thought this was just what he needed. So the next day, which was Tuesday, he called at the Union Purchasing Company and found it surprisingly easy to get money. All he had to do was identify himself as a railroad employee to "sell" some of his "time." This he did by signing in blank, an "application to sell account for wages or salary." The clerk handed out $25 immediately, telling him to bring back $27.50 Saturday, which was pay day. The whole transaction did not take three minutes.

When Saturday came, Jim was a bit embarrassed. He could not pay all his bills and his loan, too. But the fellow at the Union Purchasing Company was very obliging. He "bought" some more of Jim's time. He let Jim slide $27.50 over the cashier's counter, sign another set of papers, and gave Jim back $25.

What Jim Magee did not realize then was that he had paid $2.50 for the use of $25 for five days, which is at the rate of 910 per cent a year; and that he had let himself get entangled with a chain office gang of interstate loan sharks, which utilizes every weapon of terror, threat, intimidation, corruption and evasion of law known to their kind.

Scavengers of Finance

"Just so many human scavengers and financial buzzards," is the language used by Milton Bell, cashier of the Atlanta Federal Reserve Bank, to describe the same gang.

But Jim did come to realize the slavery into which he had sold himself when, later, he fell from a slippery car and was laid up again. The baby died. Jim figured up that he had paid the loan twice over, particularly since he was now paying interest on several interest payments that he had not been able to meet. The least the lender could do was to give him an extension of time. So Jim thought. But, instead, the loan shark terrorized Mrs. Magee, demanding payment, and finally tacked a notice on his door where every passer-by might see it. (The salary buyer had advertised "All transactions strictly confidential.")

"If we do not hear from you by the 23d of January, we will collect $33 from the N. Y. C. R. R. Remember this time it will mean your *job* also.—*Union Purchasing Co.*"

Jim was desperate. So he called at the Legal Aid Society office, and the counsel there told him not to pay. This was the best advice Jim had had for a long time, and he followed it.

Bondage for Thousands

Jim escaped from this degradation and bondage, but thousands of others are still enmeshed. Jim found that literally hundreds of railroad men in Cleveland were paying tribute just as he had; some had been paying for years, under similar threats of loss of jobs. Many men had grown desperate and thrown up their jobs; many others had been "fired" when, after payment had been impossible, a garnishment was "run" and the employer followed a rigid rule of discharging employees whose wages were attached.

Salary buying is the most vicious type of usury yet evolved. It calls for full payment of principal and excessive interest on pay day, a condition which cannot be met by those whose need for cash is so great that they feel they must resort to the loan shark. The inevitable result is a costly series of transactions in which the debt mounts higher, interest is compounded, and the borrower becomes involved with several companies in the city, all greedily sapping his pay. These companies are almost invariably owned by the same gang, although the borrower does not know it.

Root of Evil in Atlanta

The owners of the salary buying companies are known as the "Big Four," and hail from Atlanta, Georgia. Two members of the "Big Four" were formerly railroad employees, and began their usurious business by making loans at exorbitant rates to fellow workers. Atlanta is ashamed of them, and the Chamber of Commerce and the Legal Aid Society of the city are conducting a valiant fight to scotch them at home. Several criminal indictments are now pending and others will be sought at the next grand jury. Cases against them are plentiful everywhere, but are sometimes difficult to prosecute.

The salary buyer gives no receipts and allows no witnesses to his transactions. Workingmen, too, are reluctant to testify as to transactions in which they seem degraded. If the case is a strong one, the loan shark settles or tries to "buy off" the witnesses. Recently a witness in Cleveland was offered $500 to "forget it." In St. Louis, a railroad employee with sixteen years' service was induced to quit his job for a large cash consideration and leave town just as his case against the salary buyers was coming to trial.

Millions in Profits From Rail Workers

The story of salary buying, seen as a picture of operation of scores of chain companies in many states, is a nauseating one of bribery, corruption, intimidation, and open violation of the law. Thousands of dollars, mainly extracted from the pay checks of railroad men, are utilized to protect the system which, the salary buyers boast, net millions of profits each year.

Small wonder, then, that the "Big Four" should be opening new offices in nearly every southern and western railway center to bleed railroad men. Or that another loan shark chain, with headquarters in Cincinnati, should be attracted by the enormous profits of its rival and adopt the "salary buying" plan in all its western offices. Henceforth this unholy group will probably be known as the "Big Five." Why are railroad employees singled out as victims of the "time merchant" loan shark? Mainly because there is nearly always earned "time" due them. When a railroad man cannot repay his loan on pay day he is able to mortgage his "back time" pay the discount, and continue the transaction. Other classes of wage earners usually have no "time" due them after being paid on pay day. *The scheme and profits of salary buying depend absolutely upon renewals.*

Almost unbelievable cases have recently been exposed of extortion and intimidation practiced by salary buyers through their "affiliated blackmail system" as it is styled by the Atlanta (Ga.) *Constitution.* These cases include that of Burl Parrish, who paid $312 interest on a $10 loan and was sued for the principal. An employee in Atlanta borrowed $25 in 1918. Through terror he has paid over $400 in interest, and the Legal Aid Society protected him when he was garnished for $64 principal. A colored employee of a railroad was discovered to be paying $21.85 monthly to these "financial buzzards" out of a wage averaging $75 a month. A railroad worker in Chicago appealed to the district attorney to prevent loss of his job by garnishment. He had paid $1,080 on a $30 loan and was still harassed for $30. Railroad companies have been forced several times to

discharge paymasters who had been corrupted by these loan sharks and acted as spies, collectors and informers.

Employers Should Ignore Claims

The usual procedure following nonpayment is for the salary buyer to notify the employer, who, not being aware that the transaction is an illegal, usurious one, holds up the employee's pay until a release is obtained. Some employers send the entire check to the salary buyers. Recently this was done in a case where the amount involved was $7. The loan shark took out $15.75—"to teach the borrower a lesson."

"What could I do?" said the borrower. "He had my check, and I had to have money."

Why do borrowers continue to pay these usurious exactions and suffer their families' welfare and standard of living to be lowered? Sometimes it is fear of loss of job, distaste for publicity and embarrassment, or lack of knowledge of legal rights. It's easier to pay than to fight. The loan shark knows this and trades on it.

This much may be said—*salary buying is an evasion of the usury laws* regulating the lending of money, and salary purchasing contracts are usually either void or voidable. In some states heavy penalties, fines and imprisonment can be inflicted. None of the salary buyers are licensed lenders. The counsel almost uniformly given to harassed borrowers is "Don't pay the loan shark," and this seems to be excellent advice.

In Chicago recently the State's Attorney, the United Charities and the licensed lenders opened war on the salary buyers. The railroads agreed to ignore their assignments. Borrowers were invited to bring their cases to the State Attorney's office and hundreds came. If a borrower had repaid the full amount of the loan, he was advised by the State's Attorney not to make any further payments. In a short time some of the companies went out of business, and the others are barely staggering along with a small percentage of accounts being collected.

Nation-Wide War on Usurers

A nation-wide organized fight to stamp out the vicious practices of the salary-buying loan shark is under way. Already individual campaigns are being conducted against them in several cities. Atlanta, which has been plagued perhaps more than any other city of its size, is determined to get rid of this vermin. Employers, and particularly railroad companies, everywhere are coming to see that holding up the pay or discharging an employee who becomes entangled with the loan shark is furnishing a blackmailing weapon for collection of usury.

Chicago continues its good fight. The Western Conference of Railway Counsel recommended to the General Managers' Association that salary buyers' notices be ignored because they were evasions and unenforceable. Other conferences of railway counsel are considering the same step. Legal Aid Societies and Better Business Bureaus are fighting the menace by warnings, publicity, and assistance. The Department of Remedial Loans of the Russell Sage Foundation is coöperating with many agencies to eliminate this corrupt practice and to jail the law violators. The assistance of the Department is available in every concerted action against the salary buyers. The "alley loan shark," as the time buyer is sometimes known, is a social menace and must go.

The Baltimore and Ohio Railroad had an illuminating experience with the salary buyers. In 1923 the railroad took the position that salary buyers' assignments filed at its Baltimore office were usurious, and refused to honor them. A suit resulted, and was carried to the Supreme Court of Maryland, which sustained the B. & O. The salary buyers left Maryland at once, and henceforth not only have avoided the state, but also have not filed their illegal assignments with the railroad.

Everyone recognizes that emergencies are constantly arising which require the borrowing of money. Members of the B. of L. E. are especially fortunate, because they can secure dependable financial advice free of charge from their own coöperative banks. If a loan must be had, go to your bank; or if you want to patronize a loan agency, make sure that it is a reputable one. *No salary buyer is a legitimate lender.* In practically every city there are decent loan companies, licensed by the state, which will loan money on a business basis to honest borrowers. These lenders give receipts and accept installment repayments, each installment reducing the principal of the loans. The borrower's rights are adequately protected in the transaction by state supervision. The interest charge is always less than one-seventh of that exacted by the salary buyer and is usually even lower.

Credit Unions the Way Out

Out of the welter and suffering resulting from the exactions of salary buyers and other loan sharks should come a great wave of credit unions—those coöperative mutual loan societies owned and administered by their members, loaning to their members for worthy purposes at low rates of interest, and paying all profits to members in the form of dividends. Already there are more than 40 credit unions among postal workers. Railroad workers have been laggard in taking advantage of the spread of credit union laws to 24 states, but enthusiastic credit unions organized by railroad men in New England and Chicago are already doing an amazing business that serves as an example.

A real credit union is a real remedy for salary buying.—*The Locomotive Engineers Journal for August, 1926.*

OWNING OF HOME MADE DIFFICULT BY USURY LAWS

Men Who Loan on Second Mortgages Classed as Sharks and Law Violators

Credit is used more to-day than ever before in the history of the world. Installment buying has developed along all lines to such an extent that it has become one of the chief concerns of financiers everywhere.

There is one field of installment financing, however, which is not questioned. Everyone agrees that home ownership is good for the local community as well as for the state and nation, and everyone knows that an equity in a home makes the holder of it a part of the economic structure of his community. Second mortgage financing is legitimate, useful and praiseworthy. Samuel N. Reep (Minneapolis) writes in *National Real Estate Journal.* The greatest possible opportunity for doing a worth while public service lies in the field of financing which will enable worthy people to own their homes.

The usury law is the chief cause of the disrepute of the second mortgage business. It has set up statutory maximums, gaged in amount to first mortgage financing and ignoring the fact that second mortgage credit is worth considerably more than first mortgage credit. The business, therefore, cannot be done legally directly with the borrower. Investors cannot lend their money on second mortgages and land contracts with the usual risks involved for the statutory maximums allowed by law. A great deal of the second mortgage business, therefore, that is done direct with the borrower is done in violation of the usury law.

Therefore, lenders who are thus willing to increase home ownership by direct financing of junior mortgages are nearly all violators of the law, and come under the disrepute natural to all violators of the law. Many, however, who are afraid of the penalties of usury, which in some states are most drastic, seek in some way to camouflage their transaction. They are not aware of the act that usury cannot be camouflaged in any way whatsoever, and therefore by devious methods they attempt to permit the borrower to have the money at any rate made necessary by the common law of economic demand and supply for money for that purpose.

Creates Distaste for Business

This creates in the mind of both borrower and lender a distaste for the business. This knowledge and these facts are generally absorbed by the public, so that all men who loan on second mortgages are in the public mind classed with money sharks and other violators of the law. I found many first mortgage companies in the 25 cities where I studied that problem who were not willing to let it be known that they were also doing some second mortgage business, even though that business is limited. I have also talked with many men who are not willing to have it generally known that they are engaged in lending money on second mortgages and land contracts.

Now a Discount Business

Due to the fact most men do not wish either to violate the law or to risk the hazard of the penalties of the usury law, the second mortgage and land contract business has become a discount business. In other words, instead of financing the borrower direct, the lender will purchase the second mortgage and land contract paper if it has been executed. This procedure is not affected by the usury law because any man has the right to sell his mortgage or his contract at any rate of discount. If he wishes to do so he may even sell at 100 per cent discount, which would be giving it away. The one discounting paper if the transaction has not been camouflaged is not amenable in any way whatsoever to the usury law, provided that the mortgage or contract is not already tainted with usury in the hands of the seller.

When legislatures passed the usury

laws with the statutory maximums, they had in mind the extortionate and unconscionable exaction from necessitous borrowers. The great amount of installment buying to-day is not engaged in by necessitous borrowers. This is very especially true of the installment buying of homes. The statutory maximums, therefore, do not permit capital to flow directly from lender to borrower, but operates rather to keep him from enjoying his home while he is paying for it. It is no necessitous borrowing as it would be if he needed the money for burying his child or for the payment of a hospital bill, or for food or clothing or a starving and freezing family. The field of second mortgage financing is entirely outside of the field of necessitous borrowing.

LEGISLATURES UNAWARE OF RESULTS

Legislatures have not realized, therefore, that they have compelled the second mortgage and land contract business to come into disrepute and to keep money from flowing into this very useful and praiseworthy channel.

A great deal of time and money has been spent by a few who are earnestly trying, first, to do the necessary research work for the gaining of facts concerning the business; second, to analyze and interpret the facts gained, and three, to suggest some solution for the problem. At least 25 cities have been visited in the first-hand study of this problem. The facts gained have been interpreted in the light of the most advanced economic interpretation, and an attempt will be made here merely to suggest a possible solution.

There are two alternatives that suggest themselves to me. The first alternative, by increasing the statutory maximum to such a figure as to include the rate of credit worth all reasonable second mortgage and land contract financing. Let us say, for example, that 15 per cent gross will attract capital into the second mortgage field so as to supply all the reasonable needs for second mortgage credit. A separate bill in the second mortgage field of financing of homes might then be passed making 15 per cent the statutory maximum.

The second alternative. Again let us take a lesson from the small loan law as worked out in Massachusetts. I am told that it is the duty of the superintendent of banks to determine the worth of credit in the small loan field in that state. In other words, he must determine what rate will attract legitimate capital into that field. It is necessary, however, in order to charge the amount determined upon that the company have a license from the banking department of the state. This system, I am told, has practically drawn the loan sharks from that field and the business has been placed on a high level and is done by reputable firms.
—*Springfield Mass. Union, July 29, 1926.*

"SMALL LOANS" COMPANIES

Chicago Reader Praises Them as Eliminating the Loan Shark

PEABODY, HOUGHTELING & Co.
Chicago, June 10, 1926.

Mr. Frank P. Bennett,
Editor *United States Investor*,
530 Atlantic Ave., Boston, Mass.

Dear Sir:

The writer was interested in reading your article in the June 5th edition of the *United States Investor* regarding the Morris Plan Banks. We understand the function of these banks and believe in them, one of our vice-presidents being a director of the local bank. We do not think that your article, however, brought out the difference between Morris Plan loans and loans made by the so-called "industrial loaners." The Russell Sage Foundation, which is not a charitable organization, but a foundation devoting its efforts to the study of the causes and elimination of the reasons for poverty, made a survey of the small loan business extending over some seven years. As a result, they promulgated a small loan law which has been enacted with few variations in twenty-two states. This law established as the minimum rate for loans of $300 or less, 3½ per cent a month. It does not, however, apply to loans such as made by the Morris Plan Bank as they have no endorsers on these loans. As the result of this law, the loan shark has practically disappeared in the states where the law has been enacted, and the industrial loaner has taken his position in the economic life of the community, supplementing the services of banks and Morris Plan banks in an equally creditable degree.

These industrial loaners have the same problem to overcome which your article brings out as having been overcome by the Morris Plan banks—namely, criticism as loan sharks. In due time they will be accorded the same recognition and understanding as the Morris Plan banks have by thoughtful people, and will be seeking capital through the conventional channels of investment banking. Before that is possible, their business will need a lot of support and favorable publicity, but there is just as great a need for the proper sort of industrial loan companies as there is for Morris Plan banks.

Very truly yours,
W. SCOTT LINN,
Vice-President.
—*U. S. Investor, July 31, 1296.*

COMMUNICATIONS

Philadelphia, Pa., August 10, 1926.

Mr. G. W. Kehr, Secretary,
National Association,
10 S. Market Square,
Harrisburg, Pa.

Dear Mr. Kehr:

Enclosed find copy of letter written to Mr. Pope, Chairman of the Virginia Association, regarding the Philadelphia Lenders Exchange Bureau.

We feel that an injustice has been done to our Exchange by wild and unfounded statements as stated in our letter to Mr. Pope. On request of the members of the Bureau, I am writing you asking to have the enclosed letter published in the September issue of the INDUSTRIAL LENDERS NEWS.

Sincerely yours,
A. V. HART,
Chairman Board of Governors.

August 7, 1926.

Mr. L. E. Pope, Chairman,
Virginia Association,
206 E. Grace St.,
Richmond, Va.

Dear Mr. Pope:

Information has come to me that at a meeting of the Georgia Association you made the statement that the Philadelphia Lenders Exchange Bureau had ceased to function, and your talk was also confirmed by Mr. Steimle, Secretary of the Association.

I am writing you in order to give you the true facts of the case; the Philadelphia Exchange Bureau is functioning 100 per cent. We have more members to-day than we had before certain chain organizations tendered their resignations. We feel, as our Bureau is operating to-day that it is giving a real service to the borrower simply because we refuse to confine ourselves to one set plan that is only for the protection of the loan men themselves. We believe as a body, that if we protect the interest of the borrower and help to uplift and dignify the business, that our own interests will be taken care of.

Of course, any movement of a progressive nature that has a real vision behind it, is always subjected to considerable criticism by many who do not understand, but, the time will come when the Philadelphia Exchange Bureau will be recognized as the ideal plan throughout the country.

We feel that an injustice has been done to our exchange by wild and unfounded statements and we know that you would be the last man in the world who would intentionally injure a cause that is doing good work for the small loan business.

We have thirty-five members now paying dues in the Exchange Bureau and over 100,000 cards in our files. This surely ought to prove to you that we are functioning along the lines that make for progress.

Very truly yours,
A. V. HART,
Chairman Board of Governors.

Baltimore, Md., August 13, 1926.

Mr. G. W. Kehr,
10 South Market Square,
Harrisburg, Pa.

Dear Mr. Kehr:

There arrived in Baltimore last Tuesday the prospects of a good Loan Man; at present we do not know his name, but Mrs. Mattingly will decide about that within the next few days; at present he weighs about eight pounds.

We will be grateful to you if you will keep your eyes open for a good position for him some time in the future.

As yet he does not speak Loan language nor does he even know the Russell Sage Foundation, or our National Secretary, but he will.

Very sincerely yours,
HOWARD T. MATTINGLY.

EIGHTY LOAN FIRMS ARE OPERATING IN THIS STATE

State Bank Commissioner Holds Installment Buying Responsible for Increase in Companies

Hartford, August 12.—A steady increase in the number of small loan companies throughout the state has been noted by State Bank Commissioner John B. Byrne during the past year. Seventy-one loan companies were in existence under state licenses on September 30, 1925, and since that time the commissioner states more than a dozen new ones

have been organized.

This increase in loan companies, the commissioner said, had considerable significance, since it indicated that the class of people who were unable to get loans at established banks was becoming larger. The loan companies, he pointed out, operate among a group of people whose financial standing is so questionable that a bank would not be permitted to advance money to them. He attributed the increase in the number of such people, in part at least, to the extraordinary growth of installment buying, through which people of small means assume debts greater than their incomes can stand.

Loans made by these companies outstanding on September 30, 1925, amounted to $3,019,242.40 and the yearly business of the companies, Commissioner Byrne said, was approximately $2,500,000.

The bank commissioner, however, does not advocate the discontinuance of loan companies, for, he said, many of them do a considerable amount of good among honest people in unfortunate circumstances, who have no other place to get money when in immediate need. He said that the interest rate of three and one-half per cent a month, which amounted to 42 per cent a year was not too high, since the companies had to face frequent losses through failure of their clients to repay the loans.

Commissioner Byrne pointed out, however, that a large number of loan companies were operating without state licenses. He concluded that many of the unlicensed companies were undoubtedly violating the law by charging usurious rates and were probably guilty of business indiscretions, but an accurate check up on them was impossible. Licensed companies may not indirectly charge more than 42 per cent interest and an unlicensed company can charge no more than 12 per cent per annum.

NOTE THE TREND

A. S. H. and Doc. City—A young married man working in our office was broke and needed money badly about a year and a half ago, and he borrowed $100 from a man supposed to be his friend, and agreed to pay the man $10 a month for the use of the money until he paid it all back. He has paid $170 for the use of the money, and he has paid back only $20 on the $100, leaving him still owing $80. He says he made the deal openly and knew what he was doing and was glad to get it that way when he could offer no security, and he will see the deal through. We argue that he is foolish, as he has a hard time getting along on his salary, though he is economical and his wife does her best. What can we do to get him out of this? Since he has a job and is evidently a man of good repute, he can borrow the $80 from any one of a number of companies specializing in legal loans of this kind, and relieve himself of the burden of usury. He should be encouraged to do this, as he is paying an exorbitant sum for relief in a financial crisis.—*Indianapolis News.*

FIVE YEARS OF FEDERATED LOAN DEVELOPMENT

How Philadelphia's Remedial Loan Corporation Helps Worthy Applicants

When the men at the head of the Federated Loan Association in November, 1920, issued the first loan of $300 to a graduate of the Eaglesville Sanitorium for Consumptives in order to help him establish himself on a self-sustaining basis they little realized that they were laying the foundation for one of the most useful institutions in the community—one that would serve as a model of its kind throughout the country.

Recently when the society advanced $300 as a loan to a graduate of one of the local dental schools—a former orphan who was enabled to complete his general education and to learn a profession—the society passed its first million-dollar mark in loans, having extended a helping hand in a constructive business way to upwards of 6,300 families in the city.

While the men affiliated with the Federated Loan Association are also closely identified with the Federation of Jewish Charities, they take special pride in the achievement of the Federated, for here they feel they are able to accomplish in a strictly business way what the Federation is compelled to do on a purely philanthropic basis. Incidentally they and all others who are interested in this form of rehabilitation learned one of the finest lessons in human integrity. For in spite of the fact that more than a million dollars were loaned to upwards of 6,300 families, the total loss sustained by the organization since the date of its inceptions through bad loans was less than one-half of one per cent of the total—a much finer record than any of the leading banking houses can show. In a sense, the entire capital of the association, the sum of one hundred twelve thousand dollars, as well as the money borrowed from the banks, may be viewed as a revolving fund, practically intact to-day even as it was five years ago, when the association was first started. Mr. Jules E. Mastbaum, president of the association, put it very forcibly when in an interview with a representative of the Jewish Exponent he explained that the city of Philadelphia is honeycombed with corporations, licensed lenders and unlicensed lenders outside the law. It is perhaps unique in that money lending to the poor is here more rife than in any other city of equal size in the United States. The amount loaned in sums of from twenty-five to five hundred dollars to the working man and the small business man has been variously estimated from ten to fourteen millon dollars per annum. It was, therefore, fitting that the only lending organization in the country providing funds to the poor on weekly repayment plan at a bank rate of interest should have been organized here.

The Federated Loan Association is the only remedial loan corporation in this country that operates on a basis of 6 per cent per annum interest—the lowest interest charge of any such organizaion. While there are Hebrew free loan associations in almost every large city in the country, these lose their constructive value, since the community is called upon to support the organization by voluntary contributions to make up the annual losses and to pay overhead expense.

For many years bankers have been offering to their clients what they call service. This entails advice and information regarding values in stocks and bonds; the making of bequests; creation of endowments, etc. True, this feature of banking has been a great service to the man whose financial resources entitles him to banking facilities, but there is no such service for the poor man at the bank, for he is not troubled with stocks and bonds, bequests and endowments. He needs advice and information relative to his home affairs, his children, their education, investment in pushcarts, street stands, small stores and in regard to his intimate affairs which ordinarily the social service agency of any large community would provide for him were he a subject for charity.

The Federated Loan Association for the past five years has developed an experience and a technique distinctly original. It has functioned for the poor man on his way up in the world and for the middle class man about to drop into the working class. It has acted as a stop gap, as well as a constructive force. In the development of social service for the poor, a technique was developed which included among other things: a series of causes for dependency. These causes included conditions over which the individual unaided had no control. They were physical, spiritual and psychological. Strangely enough the Federated Loan Association, in its contact with over six thousand families, has developed a series of causes for the conditions that were presented for solution that are identical with that of the social service organization. Money in itself was never a chief requirement in the solution of the problem. There had to be physical, mental or psychological readjustments in order to bring about constructive results. A good illustration is the first loan, advanced on the endorsement of Mr. Louis Gerstley, to a graduate of Eaglesville Sanitorium. Money in itself would not have solved this problem were it not for the successful readjustment of the man to the outside world. This man, who then opened a modest grocery store, now owns a much larger store, has purchased the house in which he conducts his business and lives, has repaid his loan in less than one year and is a substantial contributor to the Federation of Jewish Charities as well as to other communal movements.

Recently the association made a loan which closed the one-million-dollar mark in loans. Strangely this loan was given to a healthy, strapping young man just graduated from the University of Pennsylvania Dental School and served to provide him his first professional office for the practice of dentistry. Among the thousands of loans that were issued between the date of the first dollar and the millionth, every trade, occupation, business and profession was served.

"Our Jews should be blessed for the manner in which they stand by their own in their philanthropies and in the support of the magnificent institutions they have organized," Mr. Mastbaum remarked discussing the achievements of the association. "We have reason to rejuoice in that we have hospitals and sanitaria that care not only for the Jew, but for the non-Jew of any race, color or creed. But in one thing we stand out in this city and that is in the activities of the Federated Loan Association. Here we lend and give money service to anyone whose need can be met by our organization. Though organized by Jews, 16 per cent of our clients are non-Jews. Among them are the negro, the Indian and the Chinese. The remarkable factor in the operation of the organization of which I am proud to be the president, is that there is that

same measure of appreciation from the non-Jew as there is from the Jew.

Continuing Mr. Mastbaum added: "I have been disturbed by the fact that while so many millions of dollars are being loaned out annually by other organizations, whose rate of interest is from 20 to 42 per cent per annum, the Federated Loan Association's annual business does not increase in proportion to what I feel should be the demand. There are a number of causes. One of them is the big-heartedness of our people. Instead of referring their friends, acquaintances or persons referred to them for help to the Federated Loan Association for constructive assistance, they go down into their own pockets to render individual assistance. While this in itself is laudable, it does not serve the purpose thoroughly. In addition to the money which we advance, the Federated Loan Association has the facilities of all federation organizations and welfare agencies, Jewish and non-Jewish, and is in this way in a position to receive a better service than any individual might under the most favorable circumstances."

The old ramshackle building at 243 South Sixth street hardly reflects the nature of the humanitarian work conducted within its walls. Some day a new building will be erected which will be in keeping with the spirit of the founders and equipped to serve the community even better than it is doing now. This Mr. Mastbaum hopes will be in the not distant future.—*Reprinted from the Jewish Exponent for July 16, 1926.*

BUSINESS GOOD, SAYS MANAGER OF LOAN FIRM

The general loan business is an excellent indirect barometic indication of general business declared L. L. Bishop, manager of the Capitol Loan Company, 141½ E. Washington St., in discussing business conditions.

Bishop said the business of his company showed conclusively that Indianapolis was enjoying a splendid business period at present. He based his conclusions on the steady growth of loans of various kinds, which his firm had made the past six months.

"Many persons might believe that, when the loan business was good, it was an indication of persons being 'hard up,' but such is not so.

"The situation is to the contrary. When persons earning money are sure of themselves, they will go in debt for things for which they would not borrow money, if business conditions were not so favorable. I take it that with many persons applying for loans, it shows confidence on the part of the buying public."

Bishop said the re-financing business in connection with automobiles had been greatly developed by his company, showing that people are continuing to purchase automobiles and that the saturation point had not been reached.

The Capitol Loan Company does a general loan business, with chattel security such as pianos, furniture and automobiles.—*Specimen of reader ad in the Indianapolis Times, May 31, 1926.*

IS THIS A NEW FORM OF LOAN SHARK?

Is there a new species of "loan shark" in northern Kentucky preying upon working men and fattening itself upon their wages?

That question is raised by a suit to recover $84.50, filed by Walter L. Myers, railroad engineer, against the Kentucky Purchasing Co., 417 Madison Ave., Covington, in Kenton Circuit Court.

Here are the facts given in the petition, as prepared by W. G. Hargis, attorney for Myers.

Myers went to the Kentucky Purchasing Co. about April 15, 1925, and got a loan of $35, and assigned his salary as surety.

He paid the company $3.50 twice a month from May 1st last year until nearly May 1st of 1926, a total of $84.00 in all.

Not satisfied with this liberal return on the original loan, the company filed an assignment with the C. & O. R. R. for $38.50 of Myers' wages and got the money.

Within 13 months, therefore, the Kentucky Purchasing Co. had gotten $122.50 for $35.

Myers says in his suit that he owes the company $35 plus 6 per cent interest for a year, or $37.10 in all.

He is suing to recover $84.50, which he says is "usurious and anlawful," and was "collected by force and threats and threats of garnishments against his wages."

The Kentucky Purchasing Co. deals only with railroad men. The reason for this, it is explained, is that railroad men are subjected to being fired if their wages are garnisheed twice.

This fact gives the company a club to swing over the heads of the unlucky ones, forcing them to keep on paying under threat of garnishments.

The assignment forms which are signed by "borrowers" adroitly worded and say specifically that this "is not a loan or an advance of money."

George Pohlman, manager of the Kentucky Purchasing Co., which has its headquarters in Atlanta, Ga., denied Wednesday that Myers had paid the firm the sum of $122.50. He also declared that Myers had received the $35 in May of 1926 and not in 1925, as charged in the petition.

"There is no fixed charge or fee for an assignment of wages," Pohlman said. "We simply ask a man to pay us whatever it is worth to him."

Assignments are made only on wages already earned, Pohlman said, and the man making the assignment pays back in a lump sum and not in installments.

The term "loan" is not used by the company. The words of the printed form assignments are "absolute and unconditional sale of said account," "not a loan or advance of money." The person who makes the assignment of wages "'is not a debtor of the company," and the transactions are always "original and not a renewal."

The company does not keep any records in its Covington office, Pohlman said. When paid the assignments are stamped "delivered" and sent to the Atlanta office.

The workingman signing his wages over does not ordinarily receive a receipt or any record of it, Pohlman said.

The Kentucky Purchasing Co., has been doing business in northern Kentucky since last June, the manager said. State taxes of $250 and a city tax of $500 is paid annually by the company.

Business is done exclusively with railroad and steel mill men, Pohlman said.

Pohlman claimed that the business is strictly legal and had been tested in the courts of Ohio.

There are two companies of the "wage purchasing" type in Covington.—*Kentucky Post, July 21, 1926.*

OHIO

A meeting of the Committee Chairmen for the 12th Annual Convention of the A. I. L. A. to be held at Hotel Statler Cleveland, September 15—17, 1926, was held in Cleveland August 17th. Final decision was made upon all details.

The programme will be practically as printed in the last issue of the NEWS, excepting that the theatre party for ladies will be Thursday afternoon, and the banquet will commence promptly at 6.30 o'clock Thursday evening.

The speaker at the luncheon, Tom Pearman of Lima, and at the banquet, The Hon. James Begg, are both *Ohio* men.

All this work has been carried forward by the committee heads for the reason that to have called all of you it would have become unwieldy, but the point we wish to make in this bulletin is that it is up to the Ohio boys to put this convention across in a creditable manner, and make it *the* outstanding convention of the National Association.

First of all, Ohio is the host, and we must not let anyone go away with anything but a fine impression of Ohio hospitality. We must make the delegates feel from the time they land to the time they leave that we are at their service 100 per cent and back it up with doing it.

In other words, we must assume the same attitude as if they were guests at our home.

Please therefore, give it some thought and think of some one thing that you can do, and above all come to the convention, and we know that you will come willing to assist wherever needed. There will be plenty to do.

We found a surprisingly large number of reservations already made at the Hotel. Better make yours in plenty of time.

COL. D. H. POND, *Chairman,*
J. FRED ANDERSON, *Secretary.*

CLEVELAND HOST CITY TO A. I. L. A.

Its Banks and Business

BY CONVENTION BOARD,
Cleveland Chamber of Commerce

The growth and stability of the industries of any community may safely be taken as a barometer of the strength of that community's financial institutions. In this respect Cleveland is no exception. With the remarkable growth of its industries, its banks have risen to a high rank among the large cities of the world. In total resources the Federal Reserve Bank of Cleveland ranks third among the twelve regional Reserve Banks in the United States, a fact attesting the great wealth and financial strength of the district.

Deposits of all banks in the city, as shown in the latest survey, totaled $837,605,000. This was an increase of thirteen per cent over the previous year. Savings deposits increased 12 per cent. Bank clearings, which furnish a fairly reliable index of the state of trade, totaled $5,550,000,000 in Cleveland, an

Every tick marks an opportunity!

You have only 10 or 15 years to make good in your business life—to determine whether you are going to be a leader or a follower—an executive or a subordinate. Every second you delay, linger and wait decreases your chances.

The Small Loan business is a business in its infancy—one of OPPORTUNITY for those who have the initiative to seize it.

There are rich prizes for men WHO KNOW.

Our course gives the fundamental basic training which will enable you to climb to any place you desire. It gives in two years the knowledge it has taken others their whole life to acquire.

Grasp the OPPORTUNITY! Fill out the coupon today!

INDUSTRIAL LENDERS TECHNICAL INSTITUTE

468 FOURTH AVENUE, NEW YORK CITY

(Cut and Mail)

INDUSTRIAL LENDERS
TECHNICAL INSTITUTE,
468 Fourth Avenue, New York City.

Please enroll me for your ten-month course in Industrial Loans. My check for $4.50 to cover my tuition fee for the first month is attached.

Name .....
Position .....
Employed by .....
Street and Number .....
City and State .....

increase of 19.5 per cent over the figures of the previous year.

These figures do not apply to building and loan associations, which likewise have maintained a substantial growth. There are more than 100 of these institutions in Cleveland, having combined total resources of more than $130,000,000. As the large banking units wield a lending power adequate to the needs of commercial and industrial enterprises and big buildings projects, so, likewise do the building and loan associations supply finances necessary for the building of homes.

Cleveland was the pioneer of the branch banking system in the United States and here it has reached its highest state of development, one bank alone having fifty-three branches. Here also was born the idea of Foundation Trusts, through which estates may be administered wisely and well. Many other cities are adopting the Cleveland Foundation idea.

Largest Banking Room

One of the largest bank buildings in existence, containing the largest banking room in the world, is situated in Cleveland. Towering twenty-one stories above the busiest street intersection of the shopping district, it is truly a symbol of Cleveland's amazing progress in finance and commerce.

The building covers a gross land area of 95,000 square feet and contains twenty million cubic feet. Visitors marvel at the tremendous proportions of the main banking lobby. It has been laid out in the shape of an L, one wing of which is 250 feet long and the other 336 feet long. It is fifty feet wide and 75 feet high at its highest point. Huge columns extending along the sides of both wings are forty feet high. More than 100 cages flank the wings.

Another Cleveland bank holds the distinction of having more depositors than any other bank in any one city in America. A total of 415,000 persons have entrusted their money to the care of this institution. Its total deposits average more than $200,000,000.

Cleveland always has been a pioneer of progress in banking, as well as in other lines of business. Its banking-by-mail system attracted depositors from all over the world. It was the first to adopt window display and outdoor advertising on a large scale. Now it is adopting banking-by-air, by which it is expected millions of dollars will be saved annually in interest alone because of faster transportation of money to distant points.

Cooperative Plans

A coöperative plan of financial advertising, started in Cleveland, has received national attention. This plan provides for joint advertising campaigns by three groups, the banks, the investment brokerage houses and the building and loan associations. The chief object of this coördination of forces is to promote thrift and to further educate the Cleveland public to sound investment practice.

Coöperation of this character extends in many lines of business in Cleveland, with the result that this city has become one of the most important centers of coöperative movements in America. It is the national headquarters of the All-American Coöperative Commission, a clearing house of information and advice for all producers' and consumers' coöperatives as well as for coöperative banking.

The Brotherhood of Locomotive Engineers' Coöperative National Bank, which recently erected a new twenty-story building in Cleveland, was the pioneer of the labor coöperative financial institutions in America. This bank has provided the nucleus around which twenty-one other coöperative banks have been established throughout the United States.

Other lines of business in which the coöperative movement has spread, include the dairy and coal business, mortgage investment companies, tailoring establishments and bakeries.

A Shopping Center

Paralleling the extraordinary growth of the financial institutions of the city, the retail stores of Cleveland have achieved a standing unexcelled anywhere in the United States and have established for the city a national reputation as a shopping center.

No finer array of stores and shops are to be found anywhere than those which grace both sides of Euclid Avenue, Cleveland's principal retail thoroughfare. Laid out in latest designs of store architecture and equipped with spacious, artistically decorated display windows, these establishments represent an unfailing source of interest.

EXTRA!

The Ohio and Cleveland Industrial Lenders Associations join in extending to all members of The American Industrial Lenders Association and their friends, a sincerely cordial invitation to attend THE TWELFTH ANNUAL CONVENTION OF THE AMERICAN INDUSTRIAL LENDERS ASSOCIATION AT CLEVELAND, OHIO, HOTEL STATLER, WEDNESDAY, THURSDAY AND FRIDAY, SEPTEMBER 15, 16 and 17, 1926.

It goes without saying that we of the Buckeye Bunch, have been most busily engaged during the past few months arranging the details incident to the convention.

We have endeavored to so mingle business and pleasure that these meetings may prove to be the ultimate in profit and happiness.

Above all, be it known that the latch string of Cleveland and Ohio is out to you. It is our intense desire to make this one of the outstanding conventions to date, and while, no doubt, there are yet many details which we have overlooked, we will have on hand practically all of the Ohio Association members, and each one is at your service to give you whatever assistance you need in getting comfortably situated and properly provided for.

If, therefore, you don't see it, "Ask and it shall be given unto you."

Now all successful entertainments are largely the result of cordial coöperation between host and guest. Such a spirit tends to the joy of both.

May we therefore solicit you to assist us to this end by conforming as far as possible with what we believe to be well laid plans for the smooth running of the events as they occur.

First of all, REGISTER. Take elevator or stairway at rear of lobby to mezzanine floor where you will be handed a registration card reading as follows:

"Name .....
City ..... State .....
Owner ( ) Director ( ) Manager ( )
Stockholder ( ) Employee ( ) Guest ( )
Of .....
Name under which office operates
Is independent office? ( ) Chain ( )
Member A. I. L. A.? Yes ( ) No ( )
Hotel ..... Room No. .....
Twelfth Annual Convention A. I. L. A., Cleveland, Ohio, Sept. 15-17, 1926."

Please fill out all blanks on this card. Surely there is nothing asked thereon that you should hesitate to disclose. We haven't even asked your age.

Our first plan was to ask you to state your invested loan capital, but we have anticipated that some would hesitate to disclose same.

If it be deemed wise to know how much aggregate industrial loans invested capital is represented by the delegates, to the end that the figure may be used in connection with a news story, it can be written on a blank card and dropped in a ballot box unsigned.

The Cleveland Chamber of Commerce has very kindly offered to furnish us with an ample number of stenographers and machines so that the registration part of the work may be speedily attended to.

Your name, city and state will be printed on a slip, the same inserted in the window of your convention badge and passed up the line to the Cashier, who will receive your registration fee and deliver you your envelope, which will contain your badge, program, strip ticket of coupon tickets for all events, and maybe something else if Santa Claus is good to us.

The Registration Fee for both adults and children is $10.00.

Separate tickets may be secured by Registrants only, for their guests at the Banquet and Dance for $5.00, and for the First Annual Frolic at Regnatz Gardens, Wednesday, September 15th, including round trip bus transportation, dinner and dancing for $4.00.

Naturally a time limit, to be announced later, will have to be made, after which these extra tickets will not be available, to the end that the respective proprietors may make ample provisions for the numbers to be in attendance.

The Luncheon on Wednesday noon is being tendered with the compliments of The Ohio Industrial Lenders Association, and it is important that you be present promptly at 12 o'clock noon. As to eats we can only surmise; but we have no hesitation in saying that you will greatly enjoy hearing Tom Pearman of Lima, who is the speaker at this occasion. He has made a study of human nature. He'll tell you some funny stories that will aid digestion, and he will sandwich some excellent food for thought. He will put you in an excellent humor for the Big First Annual Frolic at Regnatz Gardens Wednesday afternoon and evening, and you will, we know, be in front of the hotel promptly at 1:30 p. m., where a line up of six-wheel double decker busses will be waiting to take you there over the magnificent high level bridge and through the beautiful west side of Cleveland with its shore drives, parks and playgrounds, arriving at Regnatz about 3 p. m. for the big time and eats and dancing galore. A group picture will be taken there.

The Regnatz Gardens are famed all over Cleveland for the wonderful eats which may be enjoyed there, and we are assured by the management that on this occasion they will fully maintain this reputation.

Another fine treat is in store for us there when Mr. L. E. Weitz will enliven the situation by a humorous and witty bit of remarks detailing some of his unusual experiences in dealing with the borrowing public. Mr. Weitz is a real entertaining speaker.

Thursday is the big day for business, and hence we advanced the time of the banquet to 7 p. m., and also by so doing we were able to secure the famous Carl Rupp Orchestra the same as you hear over the radio from Station W. T. A. M., Cleveland, for the dinner music. For the dancing he will furnish a different and more jazzy collection of music makers, all, however, to be personally directed by him.

We feel very much gratified in having secured such excellent orchestras.

And what a treat to hear the Hon. James T. Begg! We know.

The strip ticket above referred to has all events scheduled thereon, and serves also as a memorandum. Each coupon is your admission ticket. All admissions will be by ticket, including the first session of the convention Wednesday morning. Hence again the importance of promptly registering.

The convention will be run on Eastern Standard time.

Anyone wishing to play golf may bring their clubs and we will see that they are supplied with a good course over which to play.

Again we assure you a hearty welcome and a good time and we're looking for you.

Sincerely,

COL. D. H. POND,
Gen. Chairman;

H. C. DUNN,
Gen. Sec'y and Chairman of Hotels Committee;

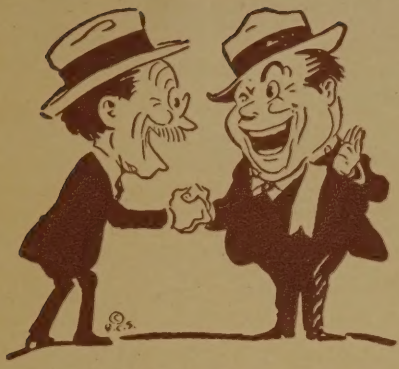
L. K. OSBORNE,
Chairman Publicity Committee;

FRANK J. SCHNEIDER,
Chairman Entertainment Committee;

HARRY RUSSELL, JR.,
Chairman Speakers' Com.;

DR. C. G. MUELLER,
Chairman Programme Committee;

J. FRED ANDERSON,
Chairman Registration and Finance Committee.



I'm the Mystery Man!

The Official Handshaker of the

Lender's Association Outing

Find Me! -Shake my Hand!

umber ? is the one I'm waiting for and believe me,

A Handsome Prize

awaits the Lucky Gink!

Will see you at Regnatz on the 15th

(OVER)

PROGRAM

of

THE FIRST ANNUAL A. I. L. A. STUNT FROLIC

in connection with
Twelfth Annual Convention
Cleveland, Ohio September 15th, 192

1:30 Leave Statler Hotel by Double-deck Bus fo sightseeing trip along Cleveland's West shor Arrive Regnatz, 2:30.

3:00 Sport Events, Regnatz Recreation Field. Indoo Ball Game—Captains, Teams and Umpires to b selected on the Field.

Sport Program

Prizes for all events

For The Ladies

Volley Ball Kicking
Clothes Pin Relay
Balloon Kicking Contest

A PRIZE FOR ALL LADIES WHO SHUTE-THE-SHUTE

For Men And Women

Volstead Race
Balloon Blowing Relay
Make-Up Contest

For The Men

Egg Throwing Contest
Cigar Smoking Race
Prohibition Race
Tug of War Rush—East vs. West

General

Horse Shoe Pitching
Volley Ball
Bowling to Line
Mechanical Umpire
and numerous other events

Dinner **6:30 o'cloc**

The Finest of The Finest

Dancing **Awarding of Prize**

Entertainment All Evening
Johnson's Society Orchestra

Busses will be in readiness to return to the Hot at any hour.

Outing Arrangements Committee

FRANK J. SCHNEIDER H. C. DUN

(Over)

0305

INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. XI, No. 4. OCTOBER, 1926 Price, $1.00 a year.

THE LIBRARY OF THE
Oct 19 1926
UNIVERSITY OF ILLINOIS

Cleveland National Convention Breaks All Records

THE twelfth annual National Convention of the American Industrial Lenders Association, held at Hotel Statler, Cleveland, Sept. 15th, 16th and 17th surpassed in every respect the standards set up by previous conventions. Never before were there so many enthusiastic Small Loan Bankers assembled at a particular place or a particular time. The standard of the prepared papers and addresses was exceptionally high. The meetings were all well attended and close attention given to the speakers. Interesting discussions followed the presentation of a number of the papers, and on two occasions when matters were brought out on the convention floor the interest and enthusiasm reached its climax.

Everyone present will heartily agree that nothing was left undone. The members of the Ohio Industrial Lenders Association, which acted as hosts for this convention, made our stay in Cleveland interesting and comfortable. The names of Colonel D. H. Pond, H. C. Dunn, J. Fred Anderson, L. K. Osborne, F. J. Schneider, Harry Russel, Jr., Dr. C. J. Mueller, E. E. Byer and their co-workers will go down in history as having staged the Best A. I. L. A. convention up to this date.

The registration committee opened headquarters on the mezzanine floor, Hotel Statler, the day before the convention, and when they closed their books the last day of the convention, the records disclosed the fact that 411 members and guests had registered, representing 21 different states.

The convention was called to order promptly at 9:30 A. M., Sept. 15th, in the Lattice Room of Hotel Statler by William Young who was designated to act as chairman in the absence of National Chairman Edgar P. East. Dr. A. B. Meldrum, pastor of the Old Stone Church, Cleveland, offered a prayer before business was transacted. Louis Petrash, representing the Hon. John D. Marshall, Mayor of Cleveland, delivered the address of welcome for the City of Cleveland, while Col. D. H. Pond welcomed the members and guests in behalf of the O. I. L. A. Each speech was warmly received with applause by the convention. Francis L. Thompson, Shelbyville, Ind., responded for the A. I. L. A. and fired the opening gun with the announcement that Indianapolis wanted to duplicate the Cleveland Convention in 1927. Upon motion duly seconded, the chair was authorized to appoint a nominating committee consisting of the various vice-chairmen of each of the states represented at the convention, with L. C. Harbison, of Chicago, chairman. Mr. Young paused to acknowledge the receipt of a basket of beautiful flowers presented by the Cleveland Industrial Lenders Association.

T. J. Harrson gave an interesting report of the work of the membership committee of the past year which indicated that our rolls had now been increased to 522 members which he said was a gain of 10% over the number of the year before.

WILLIAM YOUNG,
National Chairman Elect.

L. C. Harbison gave an interesting account of the work of the committee on legislation, explaining that legislative sessions had been held in 14 states during the past year, and that in six of them there was considered small loan legislation, but that in none of them was any legislation enacted. He called attention to the large calendar that laid before this committee for the coming year when about two-thirds of the states will hold legislative sessions. Some of these, particularly in two states, the A. I. L. A. will be called upon to help the Russell Sage Foundation, and other local welfare organizations to enact the Uniform Small Loan Law.

L. K. Osborne gave a brief but interesting report for the publicity committee in which he cited the *New York Times'* article written by Mrs. Elizabeth G. Stern, which was reprinted in large quantities and distributed throughout the country, made several recommendations for carrying on the work locally and nationally which were heartily commended.

W. P. Woll, Chairman of the Finance Committee, made his usual appeal to all the members to support the Association, not only by paying their regular dues as provided by the Constitution, but he wanted each of them to add a little more to help meet the demands of the coming year.

Reporting for the Law Committee, F. B. Hubachek for his father, F. R. Hubachek, who was unable to attend the convention on account of poor health, spoke on two dangers seen by himself and father which lie in the path of the legalized small loan business, namely, Wage Buying and practices which may be termed abuses by lenders such as unduly vigorous collection methods and the "Two or More Loan Plan." He said: "These methods come properly within the province of the Law Committee—wage buying because it is a device to evade the law; the 'Two or More Loan' plan because it encourages evasion of the $300 00 limitation upon the size of the loan which is the basis upon which the law has been consistently declared constitutional; too vigorous collection methods because they revert to the old loan shark days, and they will bring the law in disrepute. Mr. Hubachek said that the spirit of the uniform law certainly intended that no borrower should be able to borrow more than $300.00 and that no lender should be permitted a charge of 3½% per month on more than that amount and that when additional loans in units of $300.00 or less were obtained either from one or several lenders the spirit of the law was being evaded and that a continuance of this practice would lead either to the amendment of the law or difficulty in sustaining its constitutionality."

INDUSTRIAL LENDERS NEWS

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

NATIONAL OFFICERS, 1925-1926.

Chairman, Wm. Young, 220 S. 16th St., Philadelphia.

Treasurer, C. H. Watts, 468 Fourth Ave., New York City.

Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—H. G. McMullin, 757 Main St., Hartford.

Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.

Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.

Ind.—F. L. Thompson, Shelbyville.

Iowa.—C. M. Dehnert, 252 K. of P. Bldg., Des Moines.

Me.—W. M. Snow, 465 Congress St., Portland.

Md.—C. Howard Hood, 455 Calvert Bldg., Baltimore.

Mass.—H. J. Desormaux, 96 William St., New Bedford.

Mich.—Norman Buckner, 5 S. Saginaw St., Pontiac.

N. H.—F. A. Brodeur, 999 Elm St., Manchester.

N. J.—P. L. Alberse, Romaine Bldg., Paterson,

Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.

Pa.—W. Young, 220 S. 16th St., Philadelphia.

R. I.—G. E. Rich, 26 High St., Pawtucket.

Tenn.—O. H. May, 201 Day Bldg., Knoxville.

Va.—L. E. Pope, 206 E. Grace St., Richmond.

W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.

Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.

Finance, W. P. Woll, 360 N. Michigan Ave., Chicago.

Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.

Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.

Publicity, L. K. Osborne, 32 Ruggery Bldg., Columbus, O.

Membership, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

STATE SECRETARIES.

Conn.—W. J. Miller, 805 Main St., Hartford.

Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.

Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.

Me.—H. S. Crosby, 163 Main St., Lewiston.

Md.—J. Rosenfield, 941 Equitable Bldg., Baltimore.

Mass.—C. C. Rock, 209 Tremont Bldg., Boston.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.

N. H.—Sarah F. French, 413 Amoskeag Bank Bldg., Manchester.

N. J.—V. L. Buchman, 203 E. State St., Trenton.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penn.—W. S. Herron, 404 Denckla Bldg., Philadelphia.

R. I.—E. La Gueux, 76 Dorrance St., Providence.

Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.

Va.—H. M. Fenner, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

On account of the unavoidable absence of C. H. Watts, the National Treasurer, his report was read by and certified to by H. T. Mattingly, Chairman of the Auditing Committee. Mr. Watts' report will appear in detail in our Year Book which will be published later. Suffice it to say at this time, the National Treasurer's report showed a healthy condition of the association's finances and indicated that after meeting all demands on the Treasury last year, a substantial sum was left to carry on the work contemplated the coming year.

The National Secretary's report showed that there were 522 members enrolled in 29 states, 25 of whom were delinquent in the payment of their dues for the last half of this year. He expressed the hope that each one of the delinquent members would see to it that their dues are paid on or before Nov. 1st, as at that time he plans to turn the copy for the Year Book, which includes a complete directory of all members of the A. I. L. A. in good standing, over to the printers. The reports of all the officers and committee chairmen were received with thanks and appreciation.

The Ohio Industrial Lenders Association acted as hosts for the welcome luncheon following the adjournment of the morning session. The luncheon was all right and so was Thomas L. Pearman, of Lima, Ohio, who was introduced by Col. Pond as the luncheon speaker. Mr. Pearman interspersed a real message with a number of entertaining stories and in discussing the Chattel Loan in such an economical system as ours, said, "the Chattel Loan is to the small borrower what the Bank or Trust Company is to a large borrower or capitalist." Mr. Pearman's address included some observations on the salary buyers which were not at all complimentary to them. His final conclusion was: "The man who seeks to render superior service to his clientele—who establishes and retains a coöperative relationship with his employees or associates in business, and who regards properly his community responsibility and obligations will not have to worry about business or profit."

At the conclusion of Mr. Pearman's address, the luncheon was adjourned to the streets to take busses for "Regnatz," but just about that time there came a heavy shower of rain which delayed the party somewhat, but finally, all were comfortably seated in busses and on their way for an afternoon of recreation. Before arriving at "Regnatz," which is about 12 miles from Hotel Statler, Cleveland, the busses traversed the streets upon which are located the handsome residences along Lake Erie shore. Arriving at "Regnatz" an interesting program of novel stunts had been arranged by Frank Schneider, some of which were pulled off but others had to be postponed on account of the weather. The weather cleared for a short time and then started to rain again. The stunts that were executed attracted many male and female contestants and were amusing in character. Handsome prizes were awarded to all the successful contestants. No injuries were reported, but had the entire program been carried out as was contemplated, there might have been some cripples the next day. Perhaps it is fortunate for the "old timers" that it did rain.

The time at "Regnatz" seemed short, because while some became interested in dancing and others in visiting under the covered porches, the call for dinner soon came and Oh, My! What a dinner! When and where have you eaten such delicious food before? "Regnatz" lived up to its reputation for fine service and excellent food. While dinner was being served, A. C. Shaffer, author, led the diners in the following song which was sung to the tune of "Yes, We Have No Bananas."

Yes! we have no more Loan Sharks,
We have nothing but Bankers to-day;
We had pawn shop and shylocks
Three balls shop and loan hocks,
But, now they are all passé,
The American Industrial Money Lenders
Make Americans Thrifty Spenders;
Yes, we have no more Loan Sharks,
We have nothing but Bankers to-day.

After dinner Hon. L. E. Weitz, of the Commercial Savings & Loan Co., made a few remarks which were appreciated by all. As soon as the dinner was served, the floor was cleared for dancing, which many enjoyed until late in the evening Prizes were awarded to the most graceful dancers.

Vernon L. Buchman, of Trenton, N J., opened the session Thursday morning, Sept. 16th, with the discussion of the subject: "Exchange Bureaus and True Service," and in his opening remarks said: "Exchange bureaus, to be successful should have 100% membership. An exchange bureau which does not enjoy the membership of every lender in the vicinity is like a four-cylinder car with three cylinders working; it will function, but not efficiently." Mr. Buchman made a good point when he said: "Every licensed lender is in business to make money and money saved is money earned. Through the medium of the local exchange bureau, hundreds of dollars annually can be saved through the avoidance of doubled accounts, to say nothing of the money saved in Chattel Mortgage states through not having to record all of the Chattel Mortgages."

Another warning pointed out by Mr. Buchman was: "The strength of the A. I. L. A. is made possible through the allegiance and support of all the subordinate organizations to the central chosen body. Our National Unity is jeopardized when our members do not coöperate with the local exchange bureaus. We must preserve this unity or divided we fall."

"Bankruptcy" was the subject discussed by J. E. Burnett, of Richmond, Va., and he handled it in a mighty interesting way, as he brought out a number of interesting points, unfamiliar to most lenders who rose for points of information. Mr. Burnett unfortunately does business in a state where bankruptcy is a common thing among Mr. Average Citizen, but even there he sees that most credit grantors would save themselves considerable losses if they would use more care in extending credit and by insisting upon a statement of the proposed debtor's assets and liabilities. One of Mr. Burnett's conclusions was: "It is safe to say that the primary cause of so many bankruptcies is the giving of improper and undeserved credit. It is equally as safe to say that the immediate cause is the insufficient exemption of salary allowed by the statute law of Vir-

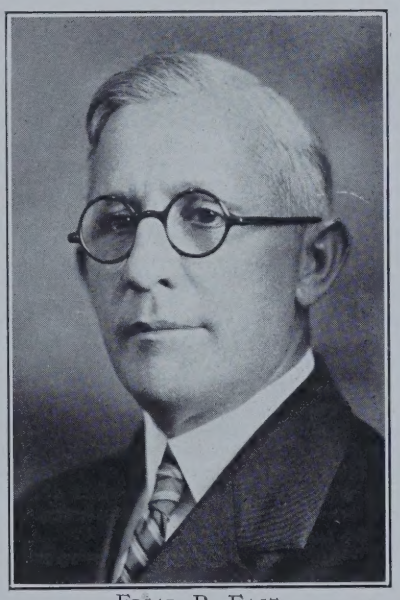
ginia." The following members took part in the discussion of "Bankruptcy"—C. H. Hood, A. B. Madison, C. R. Napier, Col. G. J. Badger, J. H. Dyer, E. F. Moore, W. G. Wood and Sam Wormser.

C. H. Stratton, Sullivan, Ind., who has filed two national offices was called to preside by Mr. Young while E. F. Moore discussed the subject of "Methods of Advertising for Industrial Loans." Among other things, Mr. Moore said: "Advertising is a very important question to the small lender; not only his own advertising but the advertising done by other lenders. There is nothing that can discredit the small loan business quicker than unethical advertising. It is safe to say that for every one person who comes into a loan office, there are a hundred who read loan office advertisements and judge the business accordingly." Some of the old worn-out methods which have been properly criticized by the public received a good knocking from Mr. Moore, each of which were shown by him to be not only out of date but actually harmful to the business. The ideal to be striven for is well summed up by Mr. Moore when he said: "When lenders come into a full realization of the wonderful good they are doing and get over to the public through their advertisements, the hundred or more ways that they can extend a beneficent influence of credit into the lives of a great mass of people who have no bankable credit, they will then enjoy the reputation and standing in the community as a helpful, needful and necessary institution." The convention was enlightened by the discussion, which followed Mr. Moore's paper and in which Mr. Stroup, Mr. Badger, Mr. Henderson, Mr. Newman and Mr. Steimle participated.

R. F. Hartz, of Indianapolis, discussed the subject: "Effect of Instalment Purchases on the Industrial Loan Business," and it was well done. Some of his statements were: "The great current of credit which has been rushing forward, taking in its path practically every line of business cannot be turned aside. It can be guided and kept from being destructive by proper application, and I am more convinced that this is one of our first duties as owners, assistants and employees to encourage and practice." Further: "The instalment business effects our business in several ways—If people are burdened with small payments, it is our duty to find out their ability to pay. If we can show the customers the advantage of placing their obligations into one payment that can conveniently be paid, it is our duty and you are rendering one of the services for which we are organized. Instalment buyers should have a family budget which will enable them to keep more accurately the amount they can afford to pay out each week. This is another service that can be rendered and these budgets should not be so complicated that it takes an expert accountant to keep them." Mr. Hartz warned against the practice of overloading. He pointed out the tests that should be put to prospective borrowers before one should finally pass on his application. Judge Dyer briefly discussed Mr. Hartz's paper and said that our general prosperity depended for the most part upon our credit facilities.

Bert D. Strang, publicity expert, of Columbus, Ohio, who has made quite a reputation for handling the publicity of the O. I. L. A. and that incident to the National Convention, read a paper on publicity which received much favorable comment.

Thursday afternoon the ladies enjoyed a theater party while the convention stuck strictly to business with great interest being manifested in the discussion of "The Salary Buying Situation in Illinois," by Charles R. Napier, of Chicago. Without attempting to recite what Mr. Napier had to say on this subject, it is a fair statement to say that what Mr. Napier does not know about the salary buying situation in Illinois, no one else does. He surely has made himself acquainted with this business and knows all about the various devices used in its conduct. His experience has been not only extensive but he has been instrumental in curbing this business in Illinois. He said among other things that since about May 20, 1926, all the steam roads entering Chicago have ignored the salary buyers' assignment notices. The



EDGAR P. EAST,
Retiring National Chairman.

Chicago surface lines which control all of the street cars in Chicago and the Interurban Traction Company, the Chicago, North Shore and Milwaukee R. R. Company, the South Shore Line, and the Pullman Company all have adopted the same policy.

On account of illness, Hon. L. F. McClelland, Judge of the Municipal Court of Atlanta, Ga., was unable to address the convention on the subject he had selected, namely, "Remedial Suggestions." However, we have the promise of this address being written and published in our Year Book.

"Uplifting, Standardizing and Dignifying the Small Loan Business," did not prove to be too big a subject for John H. Sanderson, of Chicago, to discuss as in a brief address he got right into the heart of everyone by showing how his subject could be carried out in a practical way in every day business. Some of his statements were: "A business can be no better than the individuals in it, and a business organized by progressive individuals succeeds while an indifferent individual and an indifferent business flounder in the sea of despair. Into our particular field of business, have been attracted, many capable men and women with the highest of ideals and a strong ambition to place the Industrial Loan business on an ever ascending plane to serve the individual at the least possible cost, and merit public approval which follows any necessary business built in this manner. We can dignify our business by showing the business man and executive that we make his employee a better citizen when we lend him money to help him buy or furnish his home, relieve him from worry by paying up accumulated debts, make it possible for him to do any one of the many things money can legitimately be put to use in doing.

Leon Henderson, Director of the Department of Remedial Loans of the Russell Sage Foundation, New York, made a vigorous address on the subject: "The Years' Progress and the Uniform Small Loan Law." If nothing more, it showed that Mr. Henderson has been on the job since our Providence convention and has the country and the people in ours, and similar businesses well sized up. He knows in detail what has happened in all of the State Legislatures which met during the past year, knows who and where the illegal lenders are and has practical plans for their extermination. He also outlined briefly the plans which his organization has for the extension of the uniform small loan law in several states during the coming year. We heard something of the plans of the organizations that are allied with the Russell Sage foundation in this work. Mr. Henderson is not only an optomist but a fighter as well and we are happy to see him so rapidly getting hold of the small loan situation throughout the country. Much applause followed Mr. Henderson's speech. It was also the forerunner of some Resolutions that were unanimously adopted by the convention which were as follows:

WHEREAS, The Executive Committee of this Association in May, 1926, authorized certain persons acting in conjunction with the Russell Sage Foundation to make a survey of the practice of buying wages and salaries; and,

WHEREAS, This survey has disclosed that offices are being operated throughout the United States, which engage in the business of pretended purchases of the wages and salaries of necessitous persons and these transactions are in fact usurious loans disguised as sales and that poor persons throughout the United States are being oppressed and victimized by the said practice and the persons who engage in this business are extorting enormous sums from their victims, and it appearing further that this practice is a grave menace to society and contrary to the Russel Sage Foundation Uniform Small Loan Law; now therefore,

Be It Resolved, That this Association and the several members thereof do hereby unconditionally condemn the aforesaid practice of pretended wage buying and pledge their full support to the Russell Sage Foundation in a campaign to mitigate, and if possible, eliminate such practices by all available means including publicity, legislation and the prosecution of civil and criminal suits.

Be It Further Resolved, That to this end the Executive Committee of this Association is empowered and directed to

take such steps and make such arrangements as it deems necessary, or advisable in order to immediately place and continue to maintain the full moral and financial resources of this Association behind the effort of the Russell Sage Foundation to exterminate the said practice of pretended wage buying.

The Executive Committee is hereby empowered and directed to appropriate and disburse for this purpose all Association funds not needed for the running expenses of this Association or otherwise appropriated, and it is directed to request the various state associations and the individual members of this Association to make voluntary contributions for the aforesaid special purposes if the same shall be necessary.

The enthusiasm following the adoption of the foregoing resolutions reached its highest point at this stage of the convention and caused a number of the various state association representatives to rise and offer the national body 100% support in the campaign proposed. Al Snite started the ball rolling for Illinois and was followed by Mr. Thompson, of Indiana; William Young, of Pennsylvania; L. E. Pope, of Virginia; Norman Burkner, of Michigan; Tate Harrison, of Iowa; A. B. Madison, of Georgia; W. G. Wood, of Rhode Island, and Col. Pond, of Ohio. Fred A. Philips, Rochester, N. Y., representing the National Federation of Remedial Loan Associations, said that he believed this organization would support us in this matter as it had always done before.

Edward M. Steimle said in part: "That the Georgia Association Educational Publicity campaign had done much good in bringing about the respect of the highest type of businessmen in Atlanta for the members of the Georgia Association, but that until ways and means were found to eliminate the salary buyers, little progress could be made in remedying a very bad situation. Space does not permit more comment than to say that Mr. Steimle prepared one of the most interesting papers at the convention and full appreciation will have to be postponed until our readers have had an opportunity to read the whole of it in the Year Book. James S. Webb's address on the "Opportunity For Service," was out of the ordinary, and brought a new perspective to the industrial lender in that it showed by a reasonable cost that it is possible to insure our accounts against loss on account of the death of our debtors.

H. Orrin Jones, Secretary-Manager of the Dayton Retail Merchants Association and Credit Co., gave us some interesting ideas and helpful suggestions in his discussion of "The Industrial Lender's Place and Possibilities in the Field of Modern Credit." Mr. Jones advises membership in local and National retail credit men's organizations, and showed conclusively what an advantage it wou'd be for all our members to be so identified.

"Justification of the Automobile as a Security," by L. L. Bishop, was of interest because most every family to-day has some kind of a machine and most of them think more of it than they do of anything else they have. Mr. Bishop was one of the pioneers in accepting the automobile in use as security for a loan and according to the way he conducts his business of this character, very little loss is sustained.

The convention approved rising votes of thanks for the members of the O. I. L. A. and all who had taken a part in making the convention the success that it turned out to be.

During the business session of the last day of the convention, the amendments which were proposed at the last National Convention were brought up for consideration. The one to increase the number of the executive committee from 7 to 11 members caused rather lengthy and heated arguments on both sides of the question. Many members took part in this discussion, and as Chairman Stratton, who was presiding at the time, had given all who had something to say the chance to express their views, the question was called for and a vote was about to be taken when a motion to table the amendment was made and seconded and approved. The discussion brought out the fact that if the Constitution were changed as proposed, other articles and sections wou d have to be changed to make the document consistent. In order to get the matter in better shape for the next convention, Mr. F. R. Hubachek was authorized to re-draft the Constitution and By-Laws, the same to be submitted to the membership by publication in the INDUSTRIAL LENDERS NEWS four months before the next convention. The amendment purporting to change the plan of dues was not considered, due to the shortness of time and because it would probably have met the same fate as the other amendment proposed.

The following resolutions with respect to exchange bureaus was unanimously adopted.

Resolved, Inasmuch as Lenders' Exchange Bureaus are private and voluntary institutions not covered by the several Small Loan Laws, this Association does not favor and will not advocate legislation or pressure through supervising officials calculated to compel any licensee to join any Exchange Bureau and this Association favors and recommends that all Exchange Bureaus be organized in such a manner that any member thereof may resign at will upon comp iance with its By-Laws.

The following officers were nominated: National Chairman, William Young; National Treasurer, C. H. Watts; National Secretary, G. W. Kehr; Chairman of the Auditing Committee, H. T. Mattingly; Chairman of the Finance Committee, W. P. Woll; Chairman of the Law Committee, F. R. Hubachek; Chairman of the Legislative Committee, L. C. Harbison; Chairman of the Publicity Committee, L. K. Osborne; Chairman of the Membership Committee, T. J. Harrison.

There being no other nominations it was moved and seconded that the Secretary cast the ballot for each of the nominees, after which the Chairman declared all of the nominees elected to the offices for which they had been nominated.

Members and guests who registered included the following:

Colorado—Irene Furlong, and J. W. Furlong, Denver.

Connecticut—W. C. Bookman, New Haven; Wm. J. Miller, Hartford.

Georgia—A. B. Madison, Atlanta; Edw. M. and Mrs. Edw. M. Steimle, Atlanta.

Illinois—Nathan and Mrs. Nathan Albrecht, Peoria; Jas. S. Baldwin, Decatur; R. U. Baughman, Rockford; C. B. Burch, Chicago; C. T. and Mrs. C. T. Carlson, Arthur R. Dana, C. B. David, Alan K. and Mrs. Alan K. Dolliver, L. C. and Mrs. L. C. Dunn, Walter H. Eckhardt, Chicago; J. I. Grubbs, Decatur; L. C. Harbison, D. S. Harbison, B. E. Henderson, H. S. Hesson, J. C. Houk, L. J. and Mrs. L. J. Ingram, Chicago; O. W. and Mrs. O. W. Inman, Peoria; R. J. and Mrs. R. J. Jobst, A. G. Kilzer, J. A. Macbeth, W. I. Marsh, Chicago; B. J. Miller, Waukegan; W. B. Miller, Rock Island; W. A. Moore, Freeport; Chas. R. Napier, Wm. F. Potts, Chicago; F. W. and Mrs. F. W. Ross, Moline; D. H. Rose, J. H. Sanderson, M. G. Seymour, E. W. Sherwood, A. P. and Mrs. A. P. Snite, Fred B. Snite, Arthur L. Wick, W. P. and Mrs. W. P. Woll, Albert J. T. Woll, A. D. Williams, A. H. Williams, Chicago.

Indiana—J. H. Aufderheide, R. C. Aufderheide, Indianapolis; A. C. Broughman, Marion; Joseph L. Baum, Fort Wayne; H. H. Burrell, South Bend; O. S. Beck, Richmond; Miss Lillian Barnett, F. E. Barringer, Terre Haute; L. L. and Mrs. L. L. Bishop, Indianapolis; W. G. and Mrs. W. G. Chandler, Indianapolis; E. E. Chenoweth, Portland; E. E. and Mrs. E. E. Clift, Indianapolis; Walter B. Crunk, Anderson; Roland A. Coon, Shelbyville; Henry T. Davis, Indianapolis; E. H. and Mrs. E. H. Deckard, Terre Haute; A. D. Dickson, South Bend; C. E. Durnell, Geo. W. and Mrs. Geo. W. Farrington, Indianapolis; Chas. L. Ganser, Hammond, C. H. Geise, New Castle; Geo. C. Grinsteiner, Indianapolis; Harry A. Hammond, Elwood; R. C. Hardisty, Fort Wayne; Paul A. and Mrs. Paul A. Hancock, R. F. and Mrs. R. F. Hautz, Indianapolis; R. F. and Mrs. R. F. Hautz, Indianapolis; C. M. Hartberg, Gary; Hubert W. Henrich, Brazil; Paul and Mrs. Paul Huenkemeier, Indianapolis; F. E. and Mrs. F. E. Jarvis, Vincennes; Elmer Johnson, Indianapolis; A. L. Jockel, Fort Wayne; Thos. M. Kaufman, Indianapolis; A. V. Keeney, South Bend; Chas. Kienzle, Fort Wayne; W. W. McClure, Union City; W. B. Nichols, Clinton; Ray Reynolds, F. W. and Mrs. F. W. Schurman, Indianapolis; Sidney F. Smith, Evansville; C. H. Stratton, Sullivan; W. A. and Mrs. W. A. Swank, Crawfordsville; Francis L. and Mrs. Francis L. Thompson, Shelbyville; C. H. Wilcoen, Fort Wayne; John D. Williams, W. A. Zumpfe, Indianapolis.

Iowa—Victor V. Boehm, Des Moines; Jos. V. Cromwell, Davenport; Chas. M. Dehnert, Des Moines; V. and Mrs. V. Fiderlein, Davenport; Tate J. Harrison, Waterloo; H. H. Hunt, Clinton; Edwin E. Miller, Cedar Rapids; W. J. Scheib, Sioux City.

Kentucky—H. M. Hardesty, Louisville; R. M. and Mrs. R. M. Rutherford, Miss Dorothy Rutherford, Louisville; L. L. Schaffner, Covington.

Maine—Alfred G. Zimmerman, Portland;

Maryland—Chester A. Gardner, C. Howard Hood, Howard T. Mattingly, Lee H. Humphrey, J. L. Rosenfield, Baltimore; G. W. and Mrs. G. W. Tyler, Hagerstown.

Massachusetts—H. J. Desormaux, Miss A. M. Law, New Bedford; Martin W. and Mrs. Martin W. Newman, H. P. Stephenson, Boston; Daniel J. Wholey, Lowell.

Michigan—Theo. G. Adams, Flint; Miss Andrews, Jackson; J. J. Bentley, Detroit; Norman and Mrs. Norman Buckner, Pontiac; Seymour Buckner, Flint; Paul W. Cassult, Grand Rapids; C. R. Dudley, Detroit; H. D. Firth, Kalamazoo, L. H. Harrington, Saginaw; Ralph L. Hay, Highland Park; C. R. Jordan, Flint; S. Bradford Kempton, H. C. Langton, Mrs. Paul L. Lee, C. E. and Mrs. C. E. Macbeth, Detroit; M. W. Noble, Battle Creek; J. Foster Phillips, Lansing; Edson A. Smith, Jackson; W. G. and Mrs. W. G. Stevens, Detroit; Irving H. Stroup, Grand Rapids; Fred A. Taylor, Jackson; A. J. and Mrs. A. J. Turner, Owen D. Welch, Detroit; F. S. Whaler, Grand Rapids.

Minnesota—F. B. Hubachek, R. V. O'Rourke, Minneapolis.

New Jersey—J. F. Alberse, Hackensack; G. F. and Mrs. G. F. Badger, Jersey City; Joe Bain, Newark; Vernon L. and Mrs. Vernon L. Buchman, Trenton; Henry Disser, New York; Frank M. and Mrs. Frank M. Harned, Jersey City; Albert G. and Mrs. Albert G. Morhart, Elizabeth; Mrs. A. G. Zimmerman, Newark.

New Hampshire—H. A. Morgan, Manchester.

New York—C. B. and Mrs. C. B. Baldwin, David H. Finck, Leon and Mrs. Leon Henderson, A. M. Murchie, N. L. Noteman, John Rolf Nugent, New York; Fred A. and Mrs. Fred A. Phillips, Rochester; Raymond D. Theopard; R. E. Tucker, New York.

Ohio—Fred N. Acker, Cleveland; J. F. Anderson, Springfield; M. L. Anderson, Mansfield; W. L. Armstrong, Uhrichsville; Frank A. and Mrs. Frank A. Bean, Columbus; C. O. Barringer, Marion; P. K. and Mrs. P. K. Benner, New Philadelphia; Edward C. Beyer, Cincinnati; G. Bilenkin, Dayton; Mrs. H. C. Burch, Cleveland; Wm. M. Burns, Alliance; Chas. T. and Mrs. Chas. T. Bucher, Springfield; O. E. Campbell, Zanesville; A. C. and Mrs. A. C. Christensen, Dayton; Mr. F. N. and Mrs. F. N. Cochenour, Mrs. M. Cotter, B. A. Clark, Cleveland; F. M. and Mrs. F. M. Curry, Washington C. H.; L. D. Deweese, Piqua; J. J. Duke, Canton; H. C. and Mrs. H. C. Dunn, Cleveland; J. H. and Mrs. J. H. Dyer, Columbus; J. F. Early, Cincinnati; A. H. and Mrs. A. H. Evans, Cincinnati; Felix Clifford, Cincinnati; Earl C. and Mrs. Earl C. Fox, Coshocton; C. L. Frey, Lima; Jas. C. Gaffney, Columbus; J. C. and Mrs. J. C. Graham, Toledo; Miss Lillian Grant, Cleveland; Lloyd E. Green, Newark; W. T. Haas, Warren; F. J. Hayes, Cleveland; Mrs. W. E. Hamlin, Cleveland; Raymond R. Heath, Toledo; Fred B. and Mrs. Fred B. Hill, Columbus; Louis E. and Mrs. Louis E. Hogue, Cleveland; R. D. and Mrs. R. D. Hoff, Marietta; Virgil A. Jackson, Columbus; Perle C. and Mrs. Perle C. James, Hamilton; H. Orrin Jones, Dayton; C. W. and Mrs. C. W. Kayser, Cleveland; Mrs. E. A. Kelly, Chagrin Falls; Edna M. King, Youngstown; Edw. C. Lay, Dayton; J. H. and Mrs. J. H. Sear, Cincinnati; C. W. and Mrs. C. W. Liggett, Dayton; Albert P. Lykms, Cincinnati; A. D. and Mrs. A. D. NacDonell, Lima; F. and Mrs. F. MacClintock, Columbus; Joseph E. Martin, Canton; H. R. Matthew, Cambridge; F. E. and Mrs. F. E. Matthews, Zanesville; Mrs. H. M. McCune, Chagrin Falls; Geo. E. and Mrs. Geo. E. McKaig, Springfield; J. P. and Mrs. J. P. Michael; B. F. and Mrs. B. F. Miller, Chas. A. Miller, A. A. and Mrs. A. A. Naltner, L. W. and Mrs. L. W. Newman, Columbus; G. C. Noteman, Cleveland; L. K. and Mrs. L. K. Osborne, Columbus; J. B. Otey, Columbus; T. P. Pearman, Lima; Clifton W. Peyman, Cleveland; H. B. and Mrs. H. B. Pierce, Newark; Col. D. H. Pond, H. W. Pond, R. H. Pond, Cleveland; M. Austin and Mrs. M. Austin Potter, Lima; Kenneth E. and Mrs. Kenneth E. Rench, Dayton; Wm. A. Ritchie, Toledo; J. E. Rush, Akron; Harry Russell, Jr., Cleveland; Arthur C. Schaffer, F. J. and Mrs. F. J. Schneider, Cleveland; T. R. and Mrs. T. R. Schoonover, Lima; Albert Shannon, Akron; Chas. H. Smith, Chillicothe; John W. and Mrs. John W. Smith, Columbus; Bert D. and Mrs. Bert D. Strang, Columbus; W. W. Taylor, Sandusky; F. K. and Mrs. F. K. Tidd, Youngstown; B. L. Thuma, Columbus; E. B. Timmermeister, Lima; W. K. Waltman, Springfield; J. W. and Mrs. J. W. Waddington, New Philadelphia; Mr. Leonard Weitz, Cleveland; Fred J. and Mrs. Fred J. Wenk, Akron; S. L. and Mrs. S. L. Wertheimer, Cleveland; Walter L. and Mrs. Walter L. Wilson, Dayton; O. F. and Mrs. O. F. Woischwill, Dayton; Clyde C. and Mrs. Clyde C. Woodley, Toledo; John and Mrs. John Woodruff, Cleveland; B. F. Wunsch, Dayton.

Pennsylvania—Z. B. Applegate, Philadelphia; J. G. and Mrs. J. G. Bachofer, Reading; A. D. and Mrs. A. D. Bennett, Philadelphia; A. P. Bell, Pittsburgh; Wm. H. and Mrs. Wm. H. Bount, Jr., Philadelphia; H. M. and Mrs. H. M. Curry, Scranton; Geo. W. and Mrs. Geo. W. Curry, Pittsburgh; R. G. Dawson, Corry; Wm. H. and Mrs. Wm. H. Darragh, Phi adelphia; G. J. Dirksen, M. L. Dobyns, Alfred S. and Ella Ezekiel, Philadelphia; G. C. and Mrs. G. C. Fagley, Lancaster; Ned W. Gibney, Altoona; C. G. and Mrs. C. G. Allen, Philadelphia; Mrs. C. W. Harris, Pittsburgh; A. V. Hart, Philadelphia; M. Hartman, Pittsburgh; W. S. and Mrs. W. S. Herron, Philadelphia; Harry A. Hollworth, Philadelphia; R. H. Hubbell, Erie; Geo. W. Kehr, Harrisburg; M. J. Kent, Pittsburgh; E. R. and Mrs. E. R. Klein, Philadelphia; Glenn S. Knapp, Phi adelphia; J. B. Lafferty, Pittsburgh; H. H. Larsen; Paul L. Lee, J. C. Lewis, Philadelphia; G. M. and Mrs. G. M. Lippert, Pittsburgh; Jas. A. Lyons, Philadelphia; A. L. MacCartney, Pittsburgh; Jeremiah Mahoney, Philadelphia; E. C. and Mrs. E. C. Millard, E. F. Moore, V. D. Moss, Dr. Chas. G. Mueller, Philade'phia; Frank A. Reed, Pittsburgh; J. G. Sipotz, Sharon; Martin F. Snyder, Easton; J. R. Standring, Norristown; A. N. Thale, Pittsburgh; R. A. Wagner, New Castle; William and Mrs. Wm. Young.

Rhode Island—John C. Cote, Providence; Fred H. and Mrs. Fred H. Lovegrove, Providence; Ethel M. Morgan, Providence; Geo. E. Rich, Pawtucket; Watkins G. Wood, Providence.

Tennessee—G. B. Love, Knoxville; O. H. May, Knoxville; Wm. B. Richards, Knoxville.

Virginia—J. E. Burnett, J. Sanford Edge, L. E. and Mrs. L. E. Pope, Richmond.

West Virginia—W. B. Grimes, Charleston; G. Delmont Jeffers, Parkersburg; Lloyd E. Rice, Huntingdon; Geo. R. Thompson, Wheeling; H. L. White, Wheeling; L. C. Withrow, Huntington; Samuel Wormser, Huntington;

CONVENTION BANQUET

The Twelfth Annual banquet of the A. I. L. A. was he d at Hotel Statler, Cleveland, Ohio, 7 P. M., September 16th, and about 600 members and guests filled the large ballroom and a number of tables in the gallery. R. M. Rutherford offered the b.essing. The room was beautifully decorated, red being the predominant color, and gladioli were the chief flowers used in the decorations. The menus were handsomely gotten up and included half-tone cuts of Edgar P. East, retiring National Chairman, and Colonel D. H. Pond, Cleveland, the toastmaster. During and after a fine banquet had been served, Carl Rupp and his Hotel Hollenden Broadcasting Orchestra rendered an interesting musical program, the most popular numbers of which were reminiscences of old-time musical comedies and popular hits of the day. Mrs. Carl Rupp sang several songs as did another vaudeville artist engaged by the Indiana Association to help their cause to land the next convention. After an appropriate introduction by Wm. Young, acting chairman, Colonel Pond presided as toastmaster. His introduction of the honor guests was brief but interesting and entertaining. Honorable John D. Marshall, Mayor of Cleveland; James B. Ruhl, Judge of the Court of Common Pleas, Tioga County, made brief addresses and were followed by the Honorab'e James T. Begg, Sandusky, Ohio, member of Congress from the 13th Ohio District, who made the real speech of the evening. No attempt is made here to quote any of the speakers because their speeches cannot be published in full on account of lack of space and because our Year Book will contain the full proceedings. After the banquet many enjoyed dancing until the next morning.

INDIANAPOLIS CAPTURES 1927 CONVENTION

When W. R. Hancock extended an invitation to hold the 1926 Convention at Indianapolis at our 1925 Providence Convention, he had behind the invitation, the who'e Indiana Association, the Governor of the State, the Mayor of the City and the Chamber of Commerce, but with all that prestige he conceded Ohio the privilege of having the 1926 Convention in Cleveland, but announced then and there that they would be at the 1926 Convention and contest any other city's right to the 1927 Convention. That may be said to be the beginning of the campaign on the part of the Indiana Association to land the 1927 Convention. They kept the subject alive during the year, and early appointed a committee consisting of T. M. Kaufman, chairman; A. C. Broughman, W. R. Teel, F. L. Thompson, and R. F. Hartz, to make a persistent campaign in behalf of Indianapo'is. This committee first got the support of the prominent members throughout the country to back Indianapolis and their efforts were supplemented by circular letters from the Indianapolis Chamber of Commerce, and the I. I. L.

A., sent to all members throughout the country. Attractive literature setting forth the interesting features of Indianapolis, accompanied the correspondence.

Upon our arrival at Hotel Statler, Cleveland, a banner indicated that the Indiana committee had arrived early and placed a banner announcing Indianapolis as the place for the next Convention of the A. I. L. A., and all members of the committee as well as other members of the Indiana Association, wore badges upon which the words "Next—Indianapolis, 1927," were visible at a distance. The Indianapolis Chamber of Commerce, Convention Bureau had its manager, Henry T. Davis on the job during the whole Convention and while Grand Rapids, Michigan, which was another strong contender for the Convention, had its representative present also, no one representing any other cities which desired the 1927 Convention had the courage to oppose the motion or to present the name of any other city when the matter of the location of the next Convention came up on the final day of the Cleveland Convention. After reading formal invitations from the Governor of Indiana, the Mayor of Indianapolis, and the manager of the Convention Bureau of the Indianapolis Chamber of Commerce, a motion was made and duly seconded approving Indianapolis as the next place for the National Convention. The dates tentatively set are September 14th, 15th, 16th, and the Claypool Hotel will be the headquarters. Other interesting announcements will be made during the year concerning the next Convention. Certainly the Indiana people have set the pace and have shown all other cities the way to capture the annual Convention of this organization.

Other cities from which invitations were received include: Grand Rapids, Mich; Detroit, Mich; Chicago, Ill.; Niagara Falls, N. Y.; Toronto; Montreal Canada; New York City; Atlantic City, N. J.; Ashville, N. C.; Charleston, S. C.; San Francisco, Cal.; Harrisburg, Pa.; New Orleans, La.; Cincinnati, O., all of which indicates that cities are beginning to realize that capturing the A. I. L. A. Convention is a real asset and that as a result of the Convention being held in any city, some $15,000 or $20,000 is left there for the hotels and other kinds of business.

OHIO WINS ATTENDANCE TROPHY

The Cleveland Convention permitted a number of adjacent States to Ohio a good opportunity to contest Ohio's right to the attendance trophy, but Ohio won out with a record of 91% of its membership in good standing in the A. I. L. A. registered at the Convention. Colorado with only one member and that one represented at the Convention, actually scored 100% but since the cup is awarded only to State Associations, Colorado, Kentucky and New York, while represented by a good attendance were not eligible to compete in the contest. Michigan with 84%, Illinois with 70% and Indiana with 64%, were a close second, third and fourth in the contest. The other States represented with the percentage of their membership in good standing in the A. I. L. A. are as follows: Iowa, 53%; West Virginia, 53%; Pennsylvania, 47%; Minnesota, 40%; Kentucky, 37%; Maryland, 35%; New Hampshire, 33%; Rhode Island, 28%; Tennessee, 20%; Georgia, 18%; Massachusetts, 17%; Maine, 16%; New Jersey, 16%; Virginia, 16%; Connecticut, 9%.

"CUPPY" STRATTON ENTERTAINS

Cordial invitations were extended by the Cleveland Kiwanis and Rotary Clubs to all members of these clubs attending our National Convention, to dine with them Thursday, September 16th, at the Hotels Statler and Winton. Many of our members who hold membership in these clubs in their communities, took advantage of the invitation, among them being "Cuppy" Stratton, of Sullivan, Indiana, first and past President of the Rotary Club of that place. To the Rotary luncheon was invited all ex-National Chairmen present at the Convention, as "Cuppy's" guests. The group given in the order in which they served, included Messrs. Geo. W. Kehr, C. G. Mueller, J. H. Dyer, C. H. Stratton, W. G. Wood, R. M. Rutherford, J. H. Aufderheide, the only absent member being Edgar P. East, who was unable to attend the Convention.

After an excellent luncheon, the President of the Cleveland Rotary Club asked all the visiting Rotarians to respond as their names were called and when Stratton's name was called he took advantage of the opportunity while he was on the floor to introduce his guests and explain why there were there. After paying respects to a recently deceased Cleveland Rotarian, a few songs, the awarding of some cups recently won in local Rotary golf contests, the balance of the time taken up by the luncheon was given to the Cleveland Rotary Boys' Band which rendered an excellent concert.

The ex-national chairman's club sent a telegram to Edgar P. East expressing the hope that he would soon be restored to good health and prosperity.

THE FIGHT ON SHARKS

Atlanta is infested with a large group of usurious money sharks who buy salaries and wages of people who are sorely pressed, from illness or otherwise, and who obligate themselves in a way that makes them practical slaves of these Shylocks, and from which they rarely extricate themselves until they have paid back several times the small amounts they borrow—or at actual interest rates sometimes running to almost 1,000 per cent.

Every large industrial city is infested with these blood-suckers who prey upon the misfortunes of poor people. But Atlanta seems to have had a greater number than is usual for a city of its size.

Excellent work has been done in breaking up to some extent the Atlanta nest of loan sharks by the Atlanta Legal Aid society, which is a charitable organization affiliated with the Atlanta Community Chest, and of which J. L. R. Boyd is general counsel.

This society was formed for the purpose of affording free service to meritorious litigants who are financially unable to invoke the courts for their protection.

It has done a most commendable work in its crusade on loan sharks. Mr. Boyd has not merely given exhaustive study to this inexcusable situation, but has done much to arouse public opinion to the necessity for stamping out the evil.

It will be understood that there is in Georgia a "uniform small loan law," under which legitimate money lenders register and conduct their businesses under the supervision of the state banking department.

The fight of the Legal Aid society is directed against those dealers who decline to operate under the provisions of the state law.

Mr. Boyd deserves the hearty support and coöperation of every citizen of Atlanta in this fight. He spoke recently before the city club on "Moral Usury and the Family Budget." In this he went into detail as to the evils of this Atlanta group of usurers, and cited many cases illustrating how they prey without mercy upon their victims.

Public conscience ought to impel the removal of this cancer in the business life of this city—*Atlanta Constitution, Sept. 27, 1926.*

JUDGE APPOINTS "LOAN SHARK" AUDITORS

Five lawyers were appointed Thursday as special auditors to take testimony and ascertain findings in the 438 suits in the Fulton Superior Court for injunctions restraining salary-buying "loan sharks" from proceeding by garnishment or attachment to collect claims against wage-earners.

The auditors were appointed by Judge G. H. Howard, in Superior Court, after he rejected a consent order urged by attorneys representing the Junior Chamber of Commerce, the Atlanta Legal Aid Society and the 438 petitioners, who sought to place the cases for adjudication in the Municipal Court.

R. R. Jackson, attorney representing the loan companies, refused to agree to the consent order, and Judge Howard appointed the following auditors:

Lowry Arnold, George P. Whitman, Leon Tomlinson, J. V. Poole and W. F. Buchanan.

The order appointing auditors to hear the injunction suits, opposed by attorneys fighting the salary-buying system of loans, is likely to lead to an appeal to the State Court of Appeals, said J. L. R. Boyd, general counsel of the Atlanta Legal Aid Society, one of the group of counsel.

When the hearing was opened before Judge Howard, Mr. Boyd, with Joseph G. Lewis, Cecil V. Whiddon and R. J. Reynolds, representing the Junior Chamber of Commerce and the petitioners, presented a consent order opposing the appointment of auditors in the case and providing that the injunctions be so modified that loan companies might sue in Municipal Court for claims alleged due them, the judgment of that court to become the judgment of the Superior Court.

"The consent order provided that pending the final adjudication of these cases the loan companies could not proceed by garnishment or attachment to collect the salaries of the petitioners," said Mr. Boyd afterward. "For this reason we sought to have the Municipal Court become the scene of adjudication of this great mass of cases. We wanted, above all things, to protect the jobs of the men who have become victims of the salary-

buying money lenders of Atlanta. Most of them are railroad men, and garnishments or time orders against their wages would result in their dismissal.

"The loan sharks know this. They know that their greatest weapon is their victim's fear for his job and for the means of supporting his family. We wanted above all things to protect the wage-earner against the vengeance of the money lender.

"The salary buyers have been attempting to evade regular trials of the injunction suits pending in the Superior Court, and their refusal to allow these cases to go into Municipal Court for trial is a reflection of this attitude. There is nothing complicated about these cases, nothing that would necessitate the appointment of special auditors, and they could be handled by the Municipal Court at the rate of 100 a day, thus preventing congestion of the Superior Court docket.

"The order appointing auditors probably will force us to except and to appeal to the higher court. We regret that this becomes necessary, but we feel that such questions as are involved in these suits, the questions of fraud and illegality, are not such as are usually triable before an auditor."

Reserving the right to appeal from the appointment of auditors, attorneys for the Legal Aid Society, representing the interests of the borrowers, nominated George P. Whitman and W. F. Buchanan to serve as auditors, Mr. Jackson, representing the loan companies, nominated J. V. Poole. Lowry Arnold and Leon Tomlinson were appointed in addition to these three by the court.—*The Georgian Atlanta, Sept. 24, 1926.*

KEEP AWAY FROM THE SALARY-BUYING LOAN SHARK!

In many cities and towns along the line of the Baltimore and Ohio there is operating to-day a type of loan shark known as the "salary buyer." There are not any of these operating in the State of Maryland to-day—for in 1923 the State, largely through the initiative of the Baltimore and Ohio Railroad, completely exterminated the salary buyer and enacted an amendment to the Uniform Small Loan Law, which effectually keeps him out. But he is operating in several towns of Virginia, in Philadelphia and in Pittsburgh, in Jersey City, Wilmington, Indianapolis, Chicago, Detroit, St. Louis, Louisville, Cleveland, Toledo, Columbus, Cincinnati, Dayton, Springfield and other cities.

These sharks operate under the name of purchasing, brokerage, finance or loan and investment companies. Names and addresses of the companies in any of the cities named may be obtained from the Russell Sage Foundation, Department of Remedial Loans, 130 East 22d Street, New York, N. Y. Through the director of this department, Mr. Leon Henderson, and through the courtesy of A. S. Bowie, assistant general attorney in our Law Department, the MAGAZINE is able to furnish these facts to our employes.

And why should we, as Baltimore and Ohio people, be especially on the watch? Because the salary buyers operate chiefly among railroad employes. A railroad employe's salary seems to be a "safe investment for them, and railroad people being honest people, are likely to try to meet their obligations. We know of one, at least, of the brotherhood magazines that is using its energy to warn railroad folk against them, and undoubtedly others will follow in the fight that must needs be waged against these salary buyers.

Legal aid societies, better business bureaus, several newspapers, associations of licensed lenders, chambers of commerce, railroads and the Department of Remedial Loans of the Russell Sage Foundation are coöperating to resist this type of usury in several cities.

How This Bird of Prey Operates

A so-called sale of wages is a simple transaction, requiring but a few minutes to complete, and not necessitating any of the extensive investigation of credit that usually accompanies grants of credits and loans. Indeed, a railroad employe can get a loan in five minutes by showing his badge and signing his name twice. The would-be borrower, calling at a salary-buying loan shark office, signs both parts of a two-part, perforated sheet, one part of which is headed "Application to Sell Account for Wages or Salary," and the other part of which is a standard bill of sale. On the bottom of the bill of sale the borrower is required to write: "This is a sale, not a loan." Only those who have wages already earned may secure such a loan.

The bill of sale calls for delivery of the wages sold, plus the lender's discount, at pay day. The date line is left blank. Should the borrower fail to appear on pay day and deliver the amount promised, the shark fills in the current date and notifies the employer, asking that the employe's next wages be delivered direct to him. In case the borrower pays the account, he is asked, "How much do you want to sell to-day?" Usually, however, the full amount of the loan cannot be paid. Then the salary buyer undertakes to insist that the full amount pass over the counter, and it is immediately returned, less the discount. By this means, it is sought to give the semblance of a completed transaction. Of course, another set of papers are made out for the amount of the loan.

Sometimes the borrower does not have enough cash to accomplish the temporary discharge of the obligation. If the borrower is an old customer, the discount in cash, and a new application and bill of sale suffice. Otherwise a blank check, with no payee bank named, is executed, and this check is torn up when the new papers are signed.

It will be seen that the salary buyer undertakes to surround the transaction with all the features of a sale. The courts, however, have held that such transactions are loans, and remedy may be had under small loan laws or usury laws.

Charges

In the chain salary buying offices, the discount charges are standard, usually 10 per cent on each transaction, with a slightly higher rate for small loans. The 10 per cent charge, however, is a flat rate and is charged regardless of the number of days elapsing until delivery. A borrower "selling time" on the fourteenth of the month must pay the amount of his loan, plus 10 per cent, on the fifthteenth, which is interest at the rate of 3650 per cent per annum. The rate is never less than 260 per cent per annum, and is usually higher.

Collection Methods

In the collection tools and devices of the loan shark are employed, including intimidation, threats, "bawling out," garnishment and fake collection agency letters.

Some employers have a policy of dismissing employes whose wages are garnished. Others hold up the entire pay check of a garnished employe and will not release it until notified by the loan shark. This acts as a powerful collection weapon for these illegal, usurious accounts. A brakeman in Cleveland who had borrowed $30 when his wife was sick, had a run of misfortune which included the death of his baby and an accident to himself which prevented him from working. The collector for the salary buyer terrorized the wife and tried to collect from her. Later he pinned to the apartment door a notice reading:

"If we do not hear from you by the 23d of January, we will collect $33 from the N. Y. C. R. R. Remember this time it will mean your job also.

"Union Purchasing Co."

In Kansas City, a fake collection agency purports to "purchase" the accounts from the salary buyers. A "jack rabbit" court hears the cases arising from delinquent accounts and is paid on a commission basis, which is an inducement for the loan shark to send all cases to this one court.

Recently overdue salary sales accounts have been placed with the National Creditors' Publicity Association of St. Louis, which writes dunning letters, in some instances, requesting that the "claim for merchandise" be paid.

However, the strongest club held over the head of borrowers is the fear of loss of job.

In Peoria, a post office employe repaid $130 in six months for a salary loan of $50. In one of the southern cities, a negro washer woman had been paying $1.50 every two weeks since August, 1921 without reducing the principal of the loan. Recently, in Columbus, a man inquiring into the method of operation was held up at the point of a revolver by the manager of a salary-buying office, and other managers of similar offices summoned to identify him.

These instances, together with stories of many positions lost through the filing of these claims with employers, are multiplied many times over, and are being encountered in every city where investigation is being made.

The Remedy

Mr. Henderson, of the Russell Sage Foundation, advises that in cases where railroad employes already may be involved in such transactions with these salary buyers, they do not pay without first consulting someone who knows. At least tell your chief about it and have him get in touch with the Department of Remedial Loans (address given in second paragraph) before you take any steps toward paying the usury that is charged.

Social work executives who encounter the salary-buying problem are urged to write to the Department of Remedial Loans, which has concluded an exhaustive legal study of the laws of each state bearing on salary buying and all forms of small loans. This has been and will continue to be made available in suits instituted to prosecute salary buyers. In-

formation on the activities of these sharks will be welcomed by the department and utilized in the campaign which seeks to establish test cases in each State and to supplement existing legislation to prohibit the practice of salary buying at usurious discount rates.

In States having small loan legislation, salary buying is a violation of the small loan law. In States which have only usury laws, suit can be brought by the borrower, or resisted if brought by the loan shark.

In practically all States in which the salary buyers are now operating, the contract is void or voidable, and in some States heavy penalties can be enforced, together with forfeitures of interest and principal.—*Baltimore and Ohio Magazine, August, 1926.*

NATIONAL CHAIRMAN'S APPEAL FOR MORE MEMBERS

With the beginning of a new Association year, the American Association has quite optimistically set very high and definite standards to follow, among them —one hundred per cent membership.

As a national organization, charged with the responsibility of perpetuating and bettering the business of Industrial Loans, everything possible must be done to contact each non-member licensee throughout the country. This is essential. The extent of the good done depends directly upon the number of these licensees who are added to the roster and come under the helpful and progressive influence of the National Association membership. Mr. Tate Harrison, Waterloo, Iowa, who was reëlected Chairman of the Membership Committee, has definite plans for a membership drive, but it is not a one-man job. He can do what he plans to do only with your help.

As Chairman of the American Industrial Lenders Association, I appeal to every member to supplement the Membership Committee's task by taking upon yourself the responsibility of personally contacting every non-member licensee, within your reach, bringing to the Association at least one new member during this year. Mr. Harrison will not feel that you are "butting" into his business, but rather will appreciate your coöperation.

This is *your* Association. It is up to you to make it a *success* in the full sense and meaning of the word. Your officers are depending upon you to do what is your duty.

Now, all together; remember the s'ogan: "Make every licensee a member."

Very truly yours,

WILLIAM YOUNG, *Chairman.*

MEETING SCHEDULE

WEST VIRGINIA—Huntingdon, October 7.
MARYLAND—Baltimore, October 12.
CONNECTICUT—Farmington, October 13.
VIRGINIA—Norfolk, October 21.
MICHIGAN—Detroit, October 21.
INDIANA—Terre Haute, November 17.

INDUSTRIAL LENDERS MEET

A. C. Christensen, Assistant Supervisor of the Beneficial Operating Bureau, of Dayton, O., was present at an exchange meeting of the Johnstown Industrial Lenders' Association at the Far East, explaining the working of the system. Johnstowners present were Cecil Wallace, John B. McClain and W. W. Gantz.

POSITION WANTED

Experienced loan man in any capacity desires location with desirable firm anywhere. First-class references. Address L. J. S. Box 778, Harrisburg, Pa.

LOAN MANAGERS AND INVESTIGATORS WANTED

There are a number of openings in a large chain organization for loan managers and outside men or investigators.

This particular chain has more than 100 offices with corresponding opportunities. Its expansion program calls for the opening of 25 additional offices before the end of the year. Permanent positions with prompt advancement for those who qualify by proving themselves to be honest, industrious, and willing to study the policies as well as the practices of a large corporation. Give full particulars of your experience if any.

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THE Industrial Lenders Technical Institute is performing an invaluable service to the Small Loan business by training men of all ages in the exact science of Loan Office operation. As an experienced loan man you know the success of your business is founded upon the knowledge you have gained day by day. It probably has taken years for many loan men to acquire the good judgment they now possess. But what steps are they taking to train employees in the scientific management of their office affairs—what steps have *you* taken to insure the continuous successful operation of every branch of *your* business? Right now you should take the first step by writing the Industrial Lenders Technical Institute to send you, without obligation, complete information about its training course in the theory and practice of loan office operation. It gives in two years the knowledge it has taken others a lifetime to acquire. Experienced loan men will find it invaluable in keeping informed of the latest developments in the Small Loan business. Sign the coupon and the information will come to you by return mail, without obligation.

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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. XI, No. 5. NOVEMBER, 1926. Price, $1.00 a year.

LOAN SHARPERS VICTIMIZING DETROITERS

This is the Better Business Bureau of Detroit talking.

We call your attention to newspaper advertisements appearing over the Bureau's signature this week and entitled "In the Jaws of the Shark." The inroads being made by unscrupulous loan outfits on the pocketbooks of Detroit people have become so serious that the Bureau is broadcasting a general warning for your protection.

Under the laws of Michigan, and as the loans of less than $300, licensed lenders and only licensed lenders are permitted to make an interest charge of 3½% per month. This is, you will see, considerably higher than the usual 6% per year, but it must be borne in mind that the small loan is expensive to handle and is usually backed by less satisfactory security than is true of larger borrowings.

The "loan shark," who has from time to time plied his trade in Detroit, is now taking on a new name. He purports to buy salaries, rather than make loans and to an unfortunate working man who is in trouble financially, the idea appeals. He will sell his salary before it is due and thus receive cash in the hand before it would otherwise come to him from his employer.

These salary-buying outfits have started in to work upon railroad employes. Circulars are usually distributed so as to catch the eye of railroad men at places where they usually congregate. To use the illustration employed in this week's advertising, Bill desires to borrow $25.00 on his next pay check and by executing an assignment of his next pay to the railroad and paying 10% for the use of the money for a few days, he receives $25.00 in cash, by agreeing to pay back $27.50. Of course, when payday arrives, he is informed by the "salary buyer" that "to pay the loan to-day" would entail too great a sacrifice on his part, and he is urged to renew it. Ten percent more is exacted—in other words, 20% per month or 240% per year. In many instances, and based on experience in other localities, borrowers have been known to pay interest on their loans for a period of many months without being able, due to the exorbitant rate of interest and the urging of the "salary buyer" to renew the loan, to reduce the principal in any amount whatever.

By this illegal gouging, the loan shark takes advantage of the unfortunate working man whose burdens at home force him to borrow. Because many employers threaten their employes with discharge in case of garnishment of their wages, the victim of the loan shark keeps his secret to himself and pays extortionate tribute time after time, rather than risk having the assignment of his wages presented to his employer by these so-called salary buying outfits.

Should you be approached by one of these sharks, or read one of their circulars, proceed cautiously or you may be paying tribute to him for many months to come, and at a rate unsanctioned by law or good conscience.

Beware of the loan shark and for your own good, don't permit him to get you in his jaws.

Broadcasted over W. W. J. Wednesday, October the 13th at 7:00 o'clock P. M. by Kenneth Barnard, President of the Detroit Better Business Bureau.

LOAN COMPANY HALTED BY INJUNCTION IN ATTEMPT TO GARNISHEE CLIENT'S WAGES — EFFORT TO COLLECT 240 PER CENT INTEREST IS ALLEGED

Granting an injunction to prevent the Union Purchasing Company from garnisheeing the wages of Asa Ferris, 329 East Third Street, a railroad employee, and from collecting more than the legal rate of interest upon a loan made to him, Judge Stanley C. Roettinger, in Common Pleas Court yesterday, ordered the return to Ferris of all moneys paid in by him, over and above the amount of his loan and a legal rate of interest.

According to the charges presented when Ferris sued to enjoin the company, Ferris, who is 38 years old and father of six children, earns $25 a week in the employ of the Baltimore and Ohio Railroad, and on December 15 last he borrowed $25 from the Union Purchasing Company. He signed a paper, but received no copy, and did not have a chance to read the original, he declared. In less than six months, it was charged he had paid in $27.55 to the company, then garnishee proceedings were threatened. He made another loan of $35, and when the suit was filed he had paid in $42.50, but the company figured he still owed $38.50 as interest, with nothing paid upon the $35 loan.

Evidence at the hearing of Ferris's suit, filed by Attorneys Miller and Elston, showed that the company charges 10 per cent every two weeks, equal to 240 per cent a year, and after setting forth these facts, Judge Roettinger, in his opinion says:

"Not only will this Court issue a permanent injunction against this defendant, restraining them as prayed in the petition, but this Court will go out of its way to say that any railroad or other large employer of labor would be justified in disregarding in toto any notice of garnishment or similar proceedings from the defendant, or any other concern operating along similar lines. We cannot conceive that any Court in Christendom would hold any such employer to be guilty of contempt of Court, and if some inferior Court did make such an order it is our humble opinion that a Court similar to our own would lose no time in acting through the remedy of habeas Corpus."

Declaring that the case is one which calls for grand jury action, Judge Roettinger also said:

"The case as presented is one of the strongest appeals ever made, to this Court for the exercise of the extraordinary power of injunction. This Court feels that mere injunction should not end the proceedings against the defendant, and that this plaintiff and others similarly situated, should be taken before the Prosecuting Attorney and if, in his discretion, such steps are warranted, should be presented to the grand jury."

The holding that the company must return to Ferris all that he had paid in over and above the actual amount of his loan, plus the legal rate of interest, means that the company can collect only the legal rate of interest for such loans, which is 3 per cent a month. No one appeared for the Union Purchasing Co. at the hearing before Judge Roettinger.

COMMUNICATIONS

Atlanta, Ga.,
October 20, 1926.

Dear Mr. Kehr:

I regret very much that we will be unable to obtain from Judge McClelland his intended address at the National Convention "Remedial Suggestions" due to the fact that Judge McClelland has been seriously ill for the last month, and at the present time is confined to the hospital in a dangerous condition. His illness is malaria fever, complications and nervous breakdown.

We are in hopes that Judge McClelland will deliver this address at our sixth annual convention which will be held in Atlanta sometime in January.

I believe some of the members have the impression that Judge McClelland did not particularly care to attend the convention.

This, however, is erroneous and he was very anxious to attend and regretted that he was unable to do so on the strict advice of his physicians.

INDUSTRIAL LENDERS NEWS

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

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Me.—H. S. Crosby, 163 Main St., Lewiston.

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Mass.—A. C. Frank, 1618 Main St., Springfield.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.

N. H.—Sarah F. French, 413 Amoskeag Bank Bldg., Manchester.

N. J.—V. L. Buchman, 203 E. State St., Trenton.

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Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.

Va.—H. M. Fenner, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

You may publish any part of this that you like in the next issue of the Lenders News or the Year Book just for the benefit of those who may have questioned his absence.

Very truly yours,

EDW. M. STEIMLE, *Sec'y and Treas., G. I. L. A.*

Lima, Ohio,
October, 18, 1926.

Mr. J. Fred Anderson,
401 Bushnell Building,
Springfield, Ohio.
Dear Fred:

I received several days ago your fine letter, enclosing a $50.00 check for my services at Cleveland which I did not expect. Of course I felt that by right I owed the Ohio Association about $50.00 myself, being the difference between the amount of service I rendered and the splendid fellowship that I had with the crowd. They are a fine bunch Fred, and I always enjoy having a part with them.

With kindest personal regards, I am,

Very sincerely yours,

T. P. PEARMAN, *General Sec'y, Y. M. C. A.*

P. S. If I can serve you in the future let me know—Tom.

Cleveland, Ohio,
October 7, 1926.

Dear Mr. Kehr:

The copy of the enclosed letter to Mr. H. O. Berg explains itself, and the thought occurred to me that it might be of interest to the members who attended the Cleveland Convention to read in the next issue of the News about what disposition was made of this money.

Very truly yours,

FRANK J. SCHNEIDER,

Chairman of Entertainment Committee, Twelfth Annual Convention of American Industrial Lenders Association.

Cleveland, Ohio,
September 22, 1926.

Mr. H. O. Berg,
c/o Cleveland, Recreation Council,
5th Floor, Electric Bldg.,
Cleveland, Ohio.
My dear Mr. Berg:

As you are aware, the inclement weather on the afternoon of Wednesday, September 15th, prevented the carrying out of the entire programme of the outing of the Twelfth Annual Convention of the American Industrial Lenders Association at the Regnatz Garden. As a consequence, we had left on our hands quite a number of the prizes intended for the events that we were unable to carry out.

In an effort to dispose of these prizes, we sold chances to our delegates during the meetings on Thursday and Friday at the Hotel, and those that were not disposed of in this manner were put up for auction and sold to the highest bidder. The net result in cash on this was $56.25 and as our outing programme at Regnatz was prepared and carried out under the direction of the Cleveland Recreation Council, which is supported by the Cleveland Community Fund, I have been directed to transmit the above amount to you, and enclose you our check made to the Cleveland Recreation Council, in the sum of $56.25.

Assuring you that with this check goes the good wishes of all of our members for the success of your work, I am,

Very truly yours,

FRANK J. SCHNEIDER,

Chairman of Entertainment Committee, Twelfth Annual Convention of American Industrial Lenders Association.

Cleveland, Ohio,
October 7, 1926.

Dear Mr. Kehr:

I have your letter of September 30th advising us that the Ohio Association won the attendance trophy this year at the A. I. L. A. Convention, with a represented membership of 91%, and that it is your impression that this is the greatest percentage of members of the A. I. L. A. which ever attended a National Convention.

I have been instructed to acknowledge receipt of your letter and to say that the proper inscription will be placed on the cup, and that the question of the custodianship of this trophy until the next Convention will be decided at the next Executive meeting of the O. I. L. A., and you are to be advised accordingly.

We want to say that the Ohio Association stands for "Bigger and Better percentages," and we hope that the winner of the trophy at the next Convention takes the cup with an even greater figure than ninety-one percent, in other words, we say to all of the State Associations, "Beat it if you Can."

Very truly yours,

FRANK J. SCHNEIDER,

Chairman of Entertainment Committee, Twelfth Annual Convention of American Industrial Lenders Association.

HAVE YOU DONE IT?

In the October issue of the NEWS we appealed to every member of the American Industrial Lenders Association to supplement the Membership Committee's work by contacting every non-member licensee within reach.

Now what we want to know is this—HAVE YOU DONE IT? To those who have, we express our appreciation. To those who haven't, we say again—DO IT.

This is not a selfish appeal because every effort you extend to bring in members will reflect directly to your good. The A. I. L. A. is dedicated to the betterment of the Industrial Loan business. Its purpose is unselfish. What it takes to put and keep the business where it belongs cannot be done by the minority—nor can it be done completely by even the majority. To make it an absolute success, it must be the undivided support of ALL.

Look at it from a selfish standpoint, if you will. Every new member you have in the Association is going to make your work easier, more pleasant and profitable.

Get going, fellow-members. We have nearly a year ahead of us but if there is any loafing to be done—let's do it at the other end of the year. Let us make "hay while the sun shines" and do the "biggest half" of this job early.

Mr. Tate Harrison, Chairman of the

Membership Committee, is looking to you for coöperation. You cannot disappoint him—or your Association.

"Make every licensee a member."

Earnestly yours,

WILLIAM YOUNG,
National Chairman.

NORFOLK LOAN SOCIETY MOVES TO 306 E. PLUME

The Norfolk Loan Society to-morrow will be located in its new home on the ground floor of the Board of Trade building, 306 East Plume Street.

In announcing the change of location, C. R. Porter, secretary, said that the continued growth in business demanded larger quarters and more convenient offices.

BENEFIT OF BELONGING TO THE STATE AND NATIONAL LENDERS ASSOCIATIONS

BY G. J. DIRKSEN, Philadelphia, Pa.

In preparing this paper I was determined to make it brief and while on that point I will tell you a story that Mark Twain told to illustrate the value of a brief speech, and it expresses my sentiment exactly.

His story was that when he listened for five minutes to the preacher telling of the heathen, he wept, and was going to contribute fifty dollars, after ten minutes more of the sermon, he reduced the amount of his prospective contribution to twenty-five dollars, after half hour more of eloquence he cut the sum to five and at the end of an hour of oratory, when the plate was passed, he stole two dollars.

Now in view of such a possibility I am not going to take any chances.

The greatest benefit I derive by attending these meetings is the privilege of contacting other lenders with like problems and exchanging information. I feel one cannot attend any of these meetings without the viewpoint broadening with regard to this business of ours. The accumulated knowledge and information broadens the viewpoint. We return to our respective offices much benefited by having attended. I have always found some one willing to relate an interesting experience that it might benefit another. I have had a good many years experience in the loan business, 18 years by the way, but many is the time some youngster, only a few years in the business has given me a valuable idea. I, likewise have passed on to others some new trick in locating a skip, or a unique plan one of our local managers used in collecting a difficult account. It would be impossible to enumerate the many valuable lessons we all derive by rubbing elbows. I know there isn't an association member who would sacrifice all this advantage for twice the present dues.

The thing I often wonder about is what arguments a non-member uses on himself to continue to stay out in the cold when there is a nice comfortable place for him with good company, on the inside where he would be so welcome, and —is so needed.

I don't feel there is any necessity for me to even attempt to sell the many advantages of membership in State and National Associations. I am sure everyone present knows and realizes a well organized body designed to handle the local daily problems of our business, supported by a National Body whose duty and history is to handle problems effecting the business of the nation as a whole, is one of paramount importance.

What makes any Association? MEMBERSHIP? Not one, or two members but when we think of an association composed of many, twenty-five, fifty, a hundred or more live energetic, go-getters all working in common accord, there is an organization that does things and one to be reckoned with in an emergency. The more powerful and influential our State and National Associations are, the greater prestige and effectiveness must follow in the wake of its activities.

With the comfort membership of numbers brings, the associations are well established. Why then do some of the eligible lenders shirk their responsibility of coöperation and contribution. Suppose all licensees felt that way about it. "Let the other fellow carry the bucket while I drink to their health." "Let them fight to preserve the law," "Let the Association members oppose unfair legislation, detrimental to our interests and theirs." "I'll reap the benefit anyway." What would be the results? Why, you just wouldn't have any association, and the need for one would be many times greater. Without one I fear to prophesy the ultimate result.

Just a word about the often referred to "Independent operators." It means more to the lender with only one office to uphold the present uniform small loan law on the Statute books than it effects the "Chain Group." The "Chain Groups" interests are scattered throughout several States while yours is local. They could better weather the storm. With the lender of limited financial investment it may be somewhat of a serious handicap.

Never was there a time when it was more vitally important to strengthen the forces of both State and National Associations. Problems face your business to-day that are most grave. Problems, if not curbed and stamped out will have a serious effect on this business as at present constituted. Those who attended the National Convention in Cleveland a few weeks ago know to what I refer. I will not go into details here. It is sufficiently important that our membership be strengthened. I trust those who have not membership now will affiliate with those who are pledged to dignify and perpetuate the small loan business by joining both state and National Body.

Read at a meeting of the W. Va. I. L. A. held at Huntington, October 7, 1926.

REASONS FOR THE UNIFORM SMALL LOAN LAW

BY W. P. GORE, Charleston, West Va.

It affords me great pleasure to be with you to-day and I feel that I am incapable of the fine subject assigned me, which is "Reasons For The Uniform Small Loan Law."

This is indeed a comprehensive subject. It embodies every motive that has prompted the great force behind it throughout its effort to make the law a reality in every state. It can neither be exhausted nor adequately treated in the time allotted here. In my opinion, the most salient reasons for the small loan law are those that address themselves to the heart of every true philanthropist and antedate even the reigns of ancient Kings.

From the very beginning of civilization and organized society when the force of genius was first fostered under the rules of law that governed the conduct of men and superceded the cave man days, when might was right, there has been an unequal distribution of wealth.

Although we proudly allude to that classic expression in our constitution that "all men are born free and equal,' yet there is no assertion more certainly and verily disproved by fact than that. Men may be born free and equal in the sight of the law, but the net of financial delinquency has so woven its mesh about the great masses as to render competition on an equal basis impossible. I do not prophesy that this state of affairs will soon abate, but it is to be observed that the insistent efforts and coöperative spirits of our many welfare organizations are united in the single purpose of raising this strata of humanity to a higher plane. This is the theme the Sage Foundation has pursued to the wonderful success that it has achieved in its efforts to make the Uniform Small Loan Law a part of the legislation of every State in the Union. Uniformity in itself, is a virtue worthy of all reasonable effort to secure it. There have been sister-movements such as the Uniform Negotiable Instruments Law, Uniform Divorce Laws and others that have promoted public confidence and stimulated a wider commercial intercourse. The Negotiable Instruments Law now in operation in every State in the Union, save two, has in its benefits, far exceeded the expectation of its authors.

I believe that this subject can be more aptly treated by first indulging in the time honored classification of commercial, social and religious benefits accruing to the above mentioned class of society.

Let us first look at the commercial benefits. These, I believe to be the most important since they are more dependent on finance than are all the others. At one time in the history of civilization, the laws forbade the charging of any interest whatsoever. To do so, was not only frowned upon by the Church and society at large, but condemned by law, as usury. The economists evolved no theory of working capital. The old idea was, that money by nature could not deteriorate or diminish in quantity, and that therefore, anything more than the principal sum in return, was unjust enrichment, and little short of criminal. This sentiment is best portrayed in Shakespeare's "Merchant of Venice." The economic fallacy of such reasoning has long since been proven and people have come to know that without capital, commerce is paralyzed, progress is retarded and general prosperity is a nullity.

That being true, the demand for capital has placed a price on it, restrained only by legislation. How has this new era of thought reflected in the Sage Foundation law accrued to the benefit of that class of society on the other side of capital? It has made it possible for every person possessing even the menial chattels of necessity, to secure money, which prior to the enactment of the Uniform Small Loan Law, was beyond his reach. It has saved his good name and credit by making it possible for him to meet his obligations promptly and refund his benefactor in a manner that will cause the borrower the minimum sacrifice and least embarrassment. He is now able to engage in enterprise, though on a small

scale, yet with a confidence and assurance that were not his before this movement brought aid to a class of people beyond the pale of the real estate loan.

The commercial benefits of the loan laws under consideration do not stop with those derived by the persons most directly affected, but they ramify our entire commercial system. When a complete organization of small loan companies make it possible for the masses to meet their obligations promptly, trade will be stimulated in wider circles of business, credit will be on a sounder basis and public confidence will render the recurring panics less devastating.

Public confidence is just as essential to commercial growth as is the third leg to the tripod.

Now, let us turn to our second classifiction, namely, social benefits, and see how they are brought about. I believe that I can say, without fear of successful contradiction, that the social grade of a nation will not exceed its relative financial stability. I use the word social, in its broad generic sense. What can be more essential to the welfare of a powerful nation than that which secures its individual members against financial oppression? Before the Uniform Small Loan Law was sponsored, debtors depending on the labor of their hands had no guarantee against the levy laws that wrested property from their hands and sacrificed it for sometimes a nominal sum. Now the unmonied can secure financial aid from the persons who are in the business of lending and pay it back on terms convenient to their station and circumstances. Again they are free and independent thus tending to make them more satisfied and productive.

That finance affects the Church, is too well attested by the insistent demands made by the Church in carrying on its great work, to need further comment. While actual financial assistance rendered to the Church through the aid of the Small Loan Institutions may not be in an appreciable sum, yet its direct influence in bolstering the moral fibre of those who become discouraged when they cannot meet their obligations, is incalculable. I know whereof I speak. I have personally known men who had measured to the highest standards of honesty and integrity to descend the scale when the lack of money bore heavily on them. Becoming discouraged under a debt comparatively small, but to them, an insurmountable difficulty in the absence of some outside help, men have evaded the presence of their creditors and actually drifted into indifferent dishonesty. It is true enough that the aid rendered by the Small Loan will not be a cure-all, but its reward to society will more than compensate its cost.

Thus far, I have attempted to outline some of the reasons for the Small Loan Law, but if you will kindly indulge me, I shall by way of closing, go far enough afield to observe some important facts concerning our business

There are now over 1700 licensed Small Loan Companies located in 411 Cities and covering 33 States of the Union. These figures show that this institution has met with the favor of business men generally and that the noble spirited sponsors have been rewarded by the fulfillment of their hopes. The interest rate that is now allowed is somewhat experimental and dependent on public sentiment. The extreme hazard of the business has been the chief cause for the rate and in order that the business may continue under its present status, it is indispensable that every loyal supporter conform to the purpose and spirit of the law, doing nothing that will cause the rate to be reduced to a point where the hazards exceed the returns.

I trust that your business relations have been pleasant ones since our last meeting, and that they will continue to be such throughout the remainder of the year.

Read at a meeting of the W. Va. I. L. A. held at Huntington, October 7, 1926.

BEG PARDON GEORGE

Our comment on George Farrington's National Convention address inadvertently omitted in our last issue was as follows:

On the last day of the memorable Cleveland Convention, George W. Farrington of Indianapolis made one of the most interesting addresses on the subject, "Should the National and State Associations actively urge legislation other than the legal rate," and he did it without reading from notes. After a few witty remarks, he settled down to a serious discussion of legislation auxiliary to the Uniform Small Loan Law, taking up the subjects of furniture removals, better garnishment laws, advocating that this legislation might be brought about by affiliation with other organizations that were as much interested in it as we are and ending with a recitation of a poem that illustrated happily the points that he endeavored to make. A discussion of Mr. Farrington's address followed in which Messrs. Al Snite and Napier took part.

As was stated in our October issue, the proceedings of the Cleveland National Convention, including all papers and addresses will be published in full in the 1926 Year Book which we hope to have out in another month. Members of the A. I. L. A. in good standing will receive complimentary copies as will a number of public libraries and welfare organizations. The book will be sold to other applicants at $1 per copy.

HONOR ROLL

As in former years, an up-to-date directory of all members of the A. I. L. A. in good standing will be published in the 1926 Year Book. Few of the delinquent members reported at the Cleveland Convention have responded to the appeal made since that time and now the copy for the Year Book is in the printers hands and the only chance to be included in the directory is by immediate action. The last chance to correct the proof before going to press will be November 20. Will your name be written there? According to the records at the National Secretary's office the following are delinquent in the payment of their dues for this year:

Equitable Industrial Loan Soc., Bridgeport, Conn.
Equitable Industrial Loan Soc., Hartford Conn.
Equitable Industrial Loan Soc., Waterbury, Conn.
Commercial Guaranty Co., Chicago, Ill.
Harry Palmer, Chicago, Ill.
Peoples Loan Society, Chicago, Ill.
State Loan Co., Galesburg, Ill.
National Loan Co., Terre Haute, Ind.
Iowa Loan Co., Burlington, Iowa.
Gibraltar Loan Soc., Louisville, Ky.
Casco Security Co., Lewiston, Maine.
Lewiston Security Co., Lewiston, Me.
Jos. S. Bernstein, Portland, Me.
M. A. Sulkowitch Co., Ltd., Portland, Maine.
C. Harry King, Baltimore, Md.
American Loan Soc., New Bedford, Mass.
Industrial Loan Soc., Cumberland, Md.
Industrial Loan Soc., Springfield, Mass.
American Loan Soc., Worcester, Mass.
York Corp. Trust & Law Co., Keene, N. H.
Atlantic Industrial Loan Co., Atlantic City, N. J.
Gibraltar Loan Soc., Newark, N. J.
Industrial Loan Soc., Newark, N. J.
Industrial Loan Soc., Perth Amboy, N. J.
Industrial Loan Soc., Plainfield, N. J.
National Loan Assn., Trenton, N. J.
New York Finance Co., Newark, O.
Home Chattel Loan Co., Zanesville, O.
Industrial Loan Soc., Erie, Pa.
Industrial Loan Soc., Harrisburg, Pa.
Industrial Loan Soc., York, Pa.
Wayne Co. Finance Agency, Honesdale, Pa.
National Equit. Inv. Co., Phila., Pa.
Commonwealth Finance Loan Corp., Reading, Pa.
National Small Loan Soc., Norfolk, Va.
Atlantic Small Loan Co., Norfolk, Va.
Monarch Loan Co., Huntington, W. Va.,

STATE WILL PROBE SMALL-LOAN FIRMS

The attention of the State Banking Department has been directed to the activities of a group of unchartered, small money-lending concerns in this city.

Far from being financiers, it is complained, the promoters of these associations know nothing of bookkeeping or of keeping proper accounts. What records are made are pencil-written, and the inevitable insolvency that results has caused losses totaling thousands of dollars among poor persons induced to buy shares of stock on the installment plan.

At the request of Magistrate Rowland, the State Banking Department will be represented by George H. Orth at a magistrate's hearing on October 26 of two men alleged to have conducted an unincorporated, unlicensed money-lending association and, besides, sold shares on installments in violation of the State Securities (Blue Sky Act).

Joseph Gross, an attorney, who represents the prosecutor in the case, said that the State Banking Department is making a strong effort to close all the unchartered and unlicensed loan societies, mainly to protect those who have been and are being urged to invest their savings in loan associations.

"There are in certain quarters of Philadelphia," said Mr. Gross, "several hundred unincorporated and unchartered associations, erroneously called 'corporation,' which do a money-lending business among the members and strangers. The money for these loans is raised by share subscriptions among poor persons, who pay a dollar or two a week on shares, some taking five, ten and more shares."

Sums of money are lent out informally by a committee that has no qualifications, is often illiterate and doesn't understand the loan business or the method of extending credit, but grants loans chiefly because of favoritism, friendship or a bonus.

"Recently several stockholders of the United Tarachter Loan Association filed a bill in equity in Common Pleas Court No. 3, complaining that they had for several years paid money into that association on account of their shares without receiving any dividend or notices of any meeting. They asked for a dissolution and receivership.

"The motion for a receivership was called before Judge Ferguson. The Court soon realized that, due to mismanagement, the assets of the association had dwindled. So much so that it was not even certain that the expenses of the receivership would be defrayed by its assets.

"It also appeared that the books were in such shape that it would be impossible for the Court to untangle them, and that an expert accountant was necessary. Judge Ferguson suggested a friendly arrangement between the parties for an investigation and an accounting. The matter was then turned over to expert accountants, who are working on the books."—*Phila. Public Ledger, Oct. 17, 1926.*

LENDERS FINISH CONVENTION WITH BANQUET DANCE

Service and fair treatment are the only enduring corner stones in business building, William Young, of Philadelphia, chairman of the American Industrial Lenders' Association, told members of the West Virginia Organization in an address at a Hotel Prichard dinner last night, concluding their annual convention which convened yesterday morning.

Mayor Neal and H. O. Aleshire, president of the Chamber of Commerce, were other speakers. Sam Wormser, prominent in financial circles here, who had been elected earlier in the day as chairman of the state association, presided as toastmaster at the dinner meeting. Rabbi Abraham Finstein pronounced the invocation.

Drawing representation from almost every city of the state, the convention was attended by approximately 100, many of the visitors bringing their wives and daughters. The morning and afternoon sessions were given over to association business. The election, besides elevating Mr. Wormser to the chairman, named other officers as follows:

H. L. White of Wheeling, the retiring chairman, was elected vice chairman; W. P. Gore, of Charleston, treasurer; W. B. Grimes of Charleston, secretary.

Mayor Neal, in his address at the dinner meeting last night, emphasized the importance of industrial lenders to the nation.

"You men," said he, "are endeavoring to fit into lives the place that can't be supplied by banks. To me loaning to persons who are justified to borrow and are not in the habit of over-borrowing means that you are giving an accommodation that you can well be proud of yourselves for furnishing."

He referred to recent legislation under which the industrial lenders are operating as being a progressive step.

Mr. Aleshire lauded the lenders in the association in "lifting the enterprise to its present high plane," adding that the so-called "sharks" of a few years ago are disappearing.

"In this organization," he continued, "you have the opportunity for coöperation that is necessary to maintain the business on the plane that it belongs."

He spoke optimistically of the business outlook, declaring that "good business is just around the corner and the corner not far away."

The importance of "doing your job and doing it well" was stressed by Mr. Young, speaking as the representative of the national association. His remarks, summed up, were "Industry vs. Idleness."

"We are all in God's waiting room," said he. "We are all waiting to be called. While you are here resolve to do your job and do it well. This means that it is up to you to find the good in the other fellow and bring it out of him. Too many of us can't see the good in ourselves until it's too late."

Mr. Young called upon the membership to promote the state association.

Ben Lubin furniture dealer, and Walter Arnold, secretary of the Credit Men's division of the Huntington Business Men's association, were speakers at the luncheon-meeting that followed the business session yesterday morning. The former spoke upon the subject, "My Relations with the Industrial Lenders of Huntington," and the latter used the subject, "The Success of the Huntington Industrial Lender's Exchange."

A dance followed the dinner-meeting last night.—*The Herald Dispatch, Huntington, W. Va., Oct. 8, 1926.*

WORMSER NAMED TO HEAD LENDERS

Sam Wormser, prominent in financial circles here, was named chairman of the West Virginia Industrial Lenders Association which convened here all day Thursday at the Hotel Prichard. Mr. Wormser was vice chairman of the association last year and this year took the place of H. L. White, of Wheeling, who was named vice chairman for the ensuing year.

Other officers elected were W. P. Gore of Charleston, of the United Loan and Realty Company, treasurer; and W. B. Grimes, of Charleston, of the Commonwealth Loan Company, secretary.

Officers for the next year were elected at the business meeting Thursday morning.

Among the guests from other states at the convention Thursday were William Young, of Philadelphia, Pa., national chairman of the American Industrial Lenders Association; Thomas Kaufman, of Indianapolis, of the Commonwealth Loan Company, and C. G. Liggett, of Dayton, Ohio, Beneficial Operating Bureau, of New York City, and A. A. Christianson, of Dayton, O.

At the luncheon held in the ballroom at 12 o'clock, Walter Arnold, secretary of the Credit Men's Division of the Huntington Business Men's Association, spoke to the delegates here on "The Success of Huntington Industrial Lenders Exchange."

He stated that coöperation and youth were largely responsible for the success of the exchange here.

Ben Lubin, of the Dickinson Furniture Company, spoke on "My Relation With the Industrial Lenders of Huntington."

The afternoon program will be featured by talks by G. J. Dirksen, of Philadelphia, W. R. Thompson, of Wheeling, W. P. Gore, of Charleston, and A. C. Christianson, of Dayton.

A Banquet will be served at 7 o'clock at the Hotel Prichard ball room, with a dance following.—*Huntington, W. Va. Advertiser, Oct. 7, 1926.*

INDUSTRIAL LENDERS WILL MEET IN TERRE HAUTE

Plans for entertainment of the Indiana Industrial Lenders Association when it meets November 17th, in Terre Haute, were started yesterday by Terre Haute members of the association in a meeting at the Chamber of Commerce. The association has 120 members and it is expected that almost the entire membership will be in attendance at the Terre Haute meeting, including Francis L. Thompson, of Shelbyville, the state president.

Following the meeting yesterday afternoon it also was announced that the Illinois Association will be asked to meet in Terre Haute with the Indiana body. It was unknown whether or not the invitation will be accepted.

Local Men in Charge

Terre Haute members who have charge of arrangements are August Keen, chairman of the Program Committee; Charles H. Moss, Chairman of the Speakers Committee, and Harry Blocksom, chairman of the Music Committee.

While the complete program has not been arranged a number of speakers already have promised to appear on the program, including Charles S. Batt and John M. Fitzgerald. The address of welcome will be given by George A. Schaal, president of the Terre Haute Chamber of Commerce. The day's program also will include a report on the recent national meeting in Cleveland by W. W. Swank, of Crawfordsville.

The day will be divided into three meetings, a morning session, a luncheon meeting at noon, and the afternoon session. Further plans for the convention will be made in a meeting to be held next Friday.

ANTI-LOAN SHARK BILL IS FAVORED BY FRANK BORNS

Introduction of a bill in the next Legislature to prohibit "loan sharks" from operating in Indiana was promised to-day by Frank Borns, 451 N. State Ave., Republican nominee for State Representative from Marion County, if he is elected.

Borns points out that under the present law interest of 3.5 per cent a month, or 42 per cent a year, can be charged on loans of $300 or less in Indiana.

The lender can take a mortgage upon the borrower's property as security, Borns said. And when the loan companies bring about court proceedings they saddle further expense upon unfortunate citizens.

Cites Low Rate

Borns cited the success of one company which charges only 8 percent a year on small loans as proving that loan companies need not charge the high rate to do business on small loans.

Borns suggested amendment of the present loan law to set the maximum legal rate of interest at 2 per cent a month.

Court records prove, he said, that many companies after making $60 loans to wage earners have sought to obtain a judgment for $125, the $85 being the interest charged at their exhorbitant rate.

Capitalists from outside Indianapolis are operating most of the loan shark companies here, he declared.

ASKS INFORMATION

He asked any persons who have had dealings with loan sharks to furnish him with information to aid in his plan to push through legislation curbing their activities.

Prosecutor William H. Remy has been conducting an investigation of loan sharks, who he charges have been "buying wages" at exhorbitant rates.—*Indianapolis Times, Sept. 28, 1926.*

REMY BACKED IN FIGHT WITH LOAN COMPANIES

Representatives of the Russell Sage Foundation the Indianapolis Junior Chamber of Commerce and the Indianapolis Better Business Bureau in conference Saturday formed a plan for giving combined support to the work of the office of William H. Remy, Marion County prosecuting attorney, in prosecution of loan companies evading state laws on rates of interest charged.

More than 2,500 citizens of Indianapolis have been victims of illegal rate charging loan companies, it was reported by the department of remedial loans of the Russell Sage Foundation. In most instances the victims have been reduced to a state of slavery through assignment of wages, the survey said. The foundation is conducting a nation-wide campaign against illegal rate loan companies and is being joined in the movement by the United States Junior Chamber of Commerce and National Association of Better Business Bureau secretaries.

The conference laid plans to give information to loan office victims concerning their rights under the law and pointed to the plan of legal aid societies in other cities, notably in Chicago and Cleveland, of advising victims to refuse payment of illegal charges.

The Marion county grand jury a few days ago returned indictments against five loan companies, which it is alleged, had been exacting illegal interest charges in Indianapolis.—*Indianapolis News, Oct. 4, 1926.*

CONVENTION — MANAGERS MEETING, TERRE HAUTE, WEDNESDAY, NOVEMBER, 17th, HOTEL DEMING

The Terre Haute Lenders have organized thoroughly to give the managers one of the best conventions ever held; now is a good time to make your arrangements to be present.

A tentative Program has been submitted—Addresses, President, Chamber of Commerce Mr. George Schaal; Ex-Senator Charles S. Batt: *Why Every body Loves a Lender and What Does Indiana Owe Its Lenders.* Mr. S. Russ Wood, President Citizens Trust Co.: *Why Banks Don't Make a Business of Small Chattel Loans.* Prof. Akers: *"Can Business Men Learn Anything From Psychologists?"*

Besides they have outlined a program for round table discussion that will be of interest to all. If we had nothing except the speakers and heard from them on topics, it would be well worth our time and money.

It would hardly be fair to the Terre Haute boys for me to give you all the program, because you will hear from them personally very shortly.

REMEMBER YOU CANNOT AFFORD TO MISS THIS MANAGERS MEETING

The delegates who attended the American Association Convention at Cleveland will make their report and those of you who missed this convention, well its history, the best convention ever held, at least that was the common expression. The Cleveland boys did their selves proud. *Indianapolis secured the 1927 Convention and we will need the coöperation of every member.* The various committees will be appointed by the President and if you are appointed, Peel your shirt and go to work, it will be worth all the time you give.

The Fort Wayne Lenders have extended an invitation to every lender to attend their regular monthly meeting held on the first Wednesday of each month. If you are called to Fort Wayne, pay them a visit.

SKIPS

Smith, Rudolph and Maude, (Col.), waiter, Fort Wayne to Chicago; Smith, John F. and Florence, Fort Wayne to Detroit; Runkle, Charles and Rose, Huntington to?; Wallace, Herman and Pansy, Huntington to?; Hill, Jess and Maude, Peru to?; Riney, Edward and Cecelia, Peru to?; Wilson, Ray and Ruth, Peru to?; Cavender, Floyd, Peru to?; Heck, Granville and Birdie, Ft. Wayne to?; Talbott, David and Kate, Peru to?; Axley, Samuel and Edna, Marion to?; Pence, Sid and Elizabeth, Kokomo to?; Strinko, Valent and Ludmilco, Kokomo to?; Walker, Thomas and Bessie, Kokomo to?; Way, Kenneth and Jean, Kokomo to?.

If any of these skips are located, write the secretary and he will furnish you the name of the company reporting.

The Commonwealth Loan Co. of Ft. Wayne have enlarged their offices and ye Secretary has just completed enlarging the American Loan Co. Drop in and see ye Secretary when you are in the city. And That's That.

YE SECRETARY.

MARYLAND

The September meeting of the Maryland Industrial Lenders Association was called to order promptly at 7:30 P. M. in the Board Room of the Baltimore Association of Commerce, Tuesday, Sept. 7, by Chairman Hood. There were eighteen members reported present out of twenty-eight. Following are the reports of the Standing Committees:

Mr. Baseman, Treasurer, reported all bills presented to his office to date had been paid, leaving a balance of $179.18. Mr. Gardner, of the Law Committee, stated that there were no new developments requiring his attention. Mr. Holden, Chairman of the Publicity Committee, was absent due to the illness of his mother, but reported through Mr. O'Neil that the newspapers were coöperating with the exception of the *Post,* to which Chairman Hood replied that he was in a position to take care of the situation developed at the *Post.* Mr. Sutton, of the Vigilance Committee, reported that no business had come to the attention of his Committee. Mr. Hamburger, of the City Finance Company sponsored the application of the Astor Finance Company Mr. Silverstein Manager. Upon motion duly made and seconded, the Astor Finance Company with offices at 112 North Charles Street were elected members of the Association.

The question arose as to new members being accepted merely on a motion by the members of the Association, and after this question was thoroughly discussed, reference was had to the By Laws, which stipulate that all new applicants should be referred to the Membership Committee and upon their favorable report, applicants would then be elected to membership in the Association. Upon motion duly made and seconded The Atlantic Finance and Discount Company, represented by Mr. Fred J. Ryan were elected members of the Association. The Association is to be indeed congratulated in having secured to its membership, such a forceful and thoroughly coöperative member as Mr. Ryan, who while a new-comer in the local field, has already demonstrated the spirit of coöperation so necessary to our members.

Motion by the Secretary at the June meeting of reading the various skips and bad accounts at the meetings of the Association, and which had been tabled until the present meeting, was thoroughly debated. Mr. Ryan and Mr. Rosenfield speaking in favor of this motion, with Mr. Hood, Mr. Mattingly and E. F. Moore speaking against the motion. After a thorough discussion the motion was defeated.

A letter was read from the Indiana State Association requesting the coöperation of the delegates of the Maryland Industrial Lenders Association in securing the next National Convention of their State. It was the opinion of the Association that the delegates should not be instructed in reference to this matter, allowing them to use their own judgment at the Convention.

Upon a motion duly made and seconded by Mr. Rosenstein of the Public Loan Company, it was passed that the meeting be called to order at 8 P. M. instead of 7:30 P. M. to allow the members sufficient time to go to their homes before attending the meeting of the Association.

At the suggestion of Mr. E. H. Moore, to whom we are deeply indebted for some of the most progressive suggestions put before this body, a Program Committee was appointed. Mr. Garren was named Chairman, with a view of outlining a constructive program prior to each meeting and the Membership advised accordingly. A Committee, consisting of Mr. Mattingly, Mr. Baseman, and Mr. Voloshen was appointed to interview the various newspapers with reference to establishing a column in their papers which could be used exclusively by Industrial Lenders.

J. L. ROSENFIELD, *Secretary.*

MICHIGAN

The annual meeting of the Michigan Industrial Lenders Association was held at the Hotel Statler in Detroit on Thursday, October 21st.

The meeting was the most interesting and best attended since the Association's organization, there being forty-five members and twelve guests present when the meeting was called to order. Mr. J. J. Bentley, Chairman of the Detroit Lenders Clearing House Association, welcomed the members and their guests to Detroit. The response was made by Norman Buckner of Pontiac.

The morning session consisted of the lect.on of officers for the ensuing year nd the transaction of regular business. The noon luncheon was addressed by J. Lee Barrett, Vice-President of the Detroit Convention Bureau, who spoke at he request of Detroit lenders in connection with inviting the National Association to Detroit in 1928.

The majority of the afternoon session was devoted to various discussion pertaining to the loan business. A resolution was adopted in which the Michigan Industrial Lenders Association pledged both their financial and moral support to the American Industrial Lenders Association in their fight against salary buyers.

It was voted to invite the American Association to Michigan in 1928, to be held either in Detroit or Grand Rapids. Grand Rapids was selected.

At seven o'clock the members and their guests numbering 158, assembled in the Banquet Hall at the Hotel Statler for dinner. There was dancing, entertainment and several speakers. B. E. Henderson of Chicago acted as Toastmaster and first introduced the newly elected officers and the entertainment committee.

The speaker of the evening was Wm. Young, National Chairman of the American Industrial Lenders Association who asked the support of the Michigan Association in aiding him to carry out his plans to have every licensee a member of both State and National Associations.

Another guest of the evening was S. B. Kempton of the Better Business Bureau of Detroit who told of the Bureau's campaign against salary buyers and the results which have been attained so far. The dinner would not have been complete had not our friend Ralph Clench of the State Banking Department been present.

The spirit and enthusiam which prevailed at this meeting was greater than that of any previous one. Every member fully realizes what their Association means to them.

The following were elected officers for the ensuing year; Chairman, Norman Buckner, 5 S. Saginaw Street, Pontiac; Vice-Chairman, J. J. Bentley, 427 Lafayette Bldg., Detroit; Secretary, W. G. Stevens, 2-3 First National Bank Bldg., Detroit; Treasurer, J. J. Haines, 121 Washtenaw Street, Lansing. These four officers, together with Harry Firth of Kalamazoo composed the executive committee of the Association.

The next meeting is to be held in Jackson the 3d Thursday in April, 1927.

C. E. MACBETH, *Chairman of Publicity.*

MASSACHUSETTS

On October 14th, our association held a meeting at the Youngs Hotel. Luncheon was served at one o'clock and meeting was called to order at 2:30 P. M. General business was discussed and reports from the chairman who attended the national convention was read and approved. We had twenty-two members present, including Mr. Zimmerman of the Beneficial Operating Bureau, and Mr. Newman of the Ideal Financing Association Inc. The most important business discussed during the meeting was to hold an annual meeting on January 26, 1927. This meeting is to be an all day session such as that which was held in Connecticut. Following the meeting there will be a banquet and dance for all members and guests.

Former secretary, C. C. Rock, sent in his resignation and it was accepted. Directly following, the nomination was made to have Mr. A. C. Frank of the Beneficial Loan Society Inc. Springfield, Mass. act as secretary and the nomination was accepted. There being no further meeting. the committee adjourned at 4:15 P. M. The special committee on the all day session to be held January 26, 1927 directly followed, and plans were discussed with a vote that the committee would meet again sometime in November.

The Mass. Association wishes to extend to all members of the Industrial Lenders Association throughout the country a cordial invitation to attend this meeting which is to be held in Boston on January 26, 1927. The place will be named sometime during December. Tickets will be $5.00 per person and this will include the noon luncheon as well as the banquet and dinner in the evening.

A. C. FRANK, *Secretary.*

NEW JERSEY

The quarterly meeting of the New Jersey Industrial Lenders' Association was held in Camden, September 9. In the absence of Chairman P. L. Alberse and Vice-Chairman A. J. Simonson the Secretary called the meeting to order. Upon motion by Mr. Van Horn and seconded by Mr. Moore, Mr. Young was elected chairman pro tem and presided throughout the meeting.

A telegram received from the Protective Investment Co., stated that Chairman Alberse was unable to attend the meeting on account of illness.

The Secretary was instructed to send a letter of sympathy and best wishes accompanied by a basket of flowers to Mr. Alberse.

The minutes of the last meeting held at Seagirt and of the Executive Committee held at the same place were read and approved.

Twenty-five members from twelve different cities, including Trenton, Camden, Newark, Orange, Elizabeth, Jersey City, Atlantic City, Asbury Park, Hackensack, East Orange, Union City, and New Brunswick were present.

The secretary's report showed that seven members had not yet paid their dues for the first half of the year. The resignation of John J. Irish, Chairman of the Entertainment Committee was presented but action postponed.

The treasurer stated that all bills were paid and that there was a substantial balance in the bank.

According to J. C. Van Horn, chairman of the Executive Committee, the Trenton Industrial Lenders' Exchange were successful in bringing to the attention of the Banking Department the unethical pratice engaged in by the Citizens Finance Company, in lending money on automobiles. This company has closed its office in Trenton and warrants have been issued for their arrest and others engaged in similar business.

A vote of appreciation was extended to the Trenton Exchange for their good work in this matter. The chair submitted a set of new forms that were approved by the Executive Committee consisting of the chattel mortgage used by the Household Finance Corporation, the pass-book used by the Beneficial Loan Society, the borrower's statement used by that organization, and a receipt used by the Community Finance Service, Inc., which were accepted with thanks with a recommendation that these forms be retained by the secretary for use of any member who may wish to use them.

The resignation of the Central Loan and Finance Co., was accepted. A. E. Montgomery, Chairman of the Membership Committee submitted the following applications for membership:

Dundee Loan Co., Inc., 188 Third St., Passaic, N. J.

West New York Loan Co., 650 Bergenline Ave., West New York, N. J.

Continental Finance Corp., 999 Bergen Ave., Jersey City, N. J.

Industrial Finance Co., Inc.. 724 13th St., Union City, N. J.

First National Finance Service Inc., 784 Broad St., Newark, N. J.

All the applicants were accepted to membership and a vote of thanks extended to Mr. Montgomery for his splendid work. The Camden Exchange was given a rising vote of thanks in appreciation of their efforts in arranging the meeting and providing a speaker.

It was agreed to hold the next quarterly meeting in Jersey City, the second Thursday evening or December 9th, and A. E. Montgomery was appointed Chairman to take care of all the necessary local arrangements.

VERNON L. BUCHMAN, *Secretary.*

PENNSYLVANIA

The annual meeting of the P. I. L. A. will be held at the Bellevue-Stratford Hotel on Wednesday, November 17th, 1926. The business meeting will convene at 10 A. M. There will be several papers read by the various members, just what the subjects will be I am not prepared to say at this time, as that comes under the direction of the Secretary, Mr. Herron. A business luncheon will follow at 12:30 P. M. when we will be addressed by George Stewart, Esq., of the Philadelphia Welfare Federation.

In the evening there will be the usual banquet and dance in the Ball Room, practically the same routine will be followed as was done last year. We have two very prominent speakers with whom we are now in contact and hope to have their definite acceptance by the end of this week. One is Judge Frank Smith, of the Philadelphia Common Pleas Court, and the other is Charles E. Beury, President of the National Bank of North Philadelphia and Temple University.

Will you kindly arrange to give this affair the utmost publicity in the Lenders News which comes out early in November. I would also appreciate your saying a word about prompt reservations to be made direct to Jas. A. Lyons, 7 N. 52d St., Phila., Pa. Thanking you for your coöperation, I am,

EDW. B. WEBSTER, *Chairman, Entertainment Committee.*

CREDIT UNIONS TO BE FOSTERED

Organization of the small loan investment committee of the legal aid group of the Atlanta Chamber of Commerce was perfected Monday following an address by Roy F. Bergengren, executive secretary of the Credit Union National Extension bureau of Boston, at a joint session of the senior and junior chambers of commerce.

Under plans adopted, the Atlanta

Chamber of Commerce, through the committee and the legal aid division, will aid and coöperate in organization of credit unions in this section. This course of action was adopted as a part of the fight being conducted by legal aid authorities against loan sharks in Atlanta.

Representatives of the Atlanta, Birmingham and At'antic, the Louisville and Nashville, Nashville Chattanooga and St. Louis, Atlanta and West Point and Georgia railroads were present at the meeting.

In his talk Mr. Bergengren outlined plans adopted for fostering credit unions in all parts of the United States. He spoke specifically on the course of action to be followed in Atlanta and Georgia dec aring that emp oyers of ten or more persons would be aided in the formation of credit unions under the national plan.

Members of the committee named were Wharton Wilson, chairman; John Tye, Jr., Herman Hyman, William Mathews and J. L. R. Boyd, secretary. Mr. Boyd is counsel for the Atlanta Legal Aid society and has taken an active part in the campaign to establish credit unions.

The chambers of commerce, through creation of this committee, will become al ied with railroads and other corporations in Atlanta in fostering organization of these unions.—*Atlanta Constitution, 10-19-26.*

THE SMALL LOAN BUSINESS AS A FUTURE FOR YOUNG MEN

There is perhaps in this country to-day no one business which offers the certainty of promotion to ambitious young men that the small loan business does. There are many reasons for this, the primary one be ng that the public has only recently come to understand in some degree the measure of service extended to the community by small loan offices and it is showing this new appreciation of value received by hearty endorsement of the securities by which such offices are capitalized and financed.

Within the last year the Personal Finance Company chain of offices, under the supervision of the Beneficial Operating Bureau, has opened 13 new offices in different parts of the country. This growth was on'y made poss ble by public support. Within the last three months definite plans have been formed for the opening of several new offices during November, for the Personal Finance Company chain.

Practically all of these new offices will be managed by men now Assistant Managers in the employ of the Beneficial Operating Bureau. The Industrial Lenders Techn cal Institute has been able to shorten the training period usually required and enab'e the officers of the Bureau to open new offices with the assurance that the men managing them are thoroughly versed in their policies of operation as well as in their practices.

It has always been the policy of the Bureau to make its promotions within its own ranks wherever possible and it is interesting to note that the plans for 1927 contemplate opening enough offices so that almost every Assistant Manager in the employ of the Bureau to-day has a chance to manage a loan office within twelve months. There are a few exceptions of course, but they are indeed few.

This proposed opening of new offices may require the installation of an entire new department, with its departmental headquarters and department staff. It is common knowledge that the field forces of the Bureau are administered from New York through the med um of Supervisors, Assistant Supervisors, and Traveling Auditors. The installation of a new department offers promotion to several loan managers, now in the emp'oy of the Bureau, who have proven their capabilities.

Doubtless the Beneficial Operating Bureau is only one of many similar large chain loan corporations which offer possibilities of rapid advancement according to abil ty to learn and to work. Young men engaged in other lines of business who have the determination to make good can do no better than to join forces with some progressive chain loan organization which is expanding and which is able to offer definite promotion upon the attainment of definite capability. It is a field of human endeavor that should be better known to the public at large.

MEETING SCHEDULE

New York—November 15, 2 P. M. Meeting of National Executive Committee, Russell Sage Foundation. All members welcome.

Indiana—Terre Haute, November 17.

Pennsylvania—Phi'adelphia, November 17, Bellevue-Stratford Hotel.

New Jersey—Jersey City, December 9.

Massachusetts—Boston, January 26.

Michigan—Jackson, April 21, 1927.

LOAN COMPANY MANAGERS HOLD SESSIONS HERE

Representatives and officials from seventeen cities attended the opening session of the annual meeting of managers and assistants of the Legal Loan Company this afternoon in the Marine room of the Spencer hotel.

Cities represented were Marion, Kokomo, Anderson, Connersville, Crawfordsville Delphi, Elkhart, Frankfort, Fort Wayne, Hartford City, Huntington, Lafayette, Lebanon, Logansport, Peru and South Bend Ind., and Rockford, Ill.

Addresses were given at the business meeting this afternoon by William I. Marsh, of the W. I. Marsh Printing Co., of Chicago, and Carl L. Houston of Marion. A round table discussion of topics of interest to loan company officials was held.

The social feature of the two day convention will be the annual banquet tonight in the Marine room of the Spencer hotel at 7 o'clock. The address of welcome will be given by Robert J. Spencer, Jr. Barton Rees Pogue of Upland will give readings from his book "Fortunes in Friendship." A short talk will be given by Robert R. Batton on "Building Your Business on Good Will." Lew Tukey will sing several solos, accompanied by Mrs. Tukey. The Philharmonic Trio, assisted by Kent Gage, harpist, will play several selections.

The closing business session will be held Friday morning. A talk on "Coöperation" will be given by Lewis DeWolf. Homer C. Stone of Crawfordsville will talk on "Automobile Loans." C. W. Brewer, Rockford, Ill., will lead a discussion on "Helping each other." Francis L. Thompson of Shelbyville president of the Indiana Industrial Lenders' association, will talk on "The Small Loan Business in Public Esteem."

The Legal Loan Co. was organized in 1905 by ten young Marion business men It was reorganized in 1913 under the management of A. C. Broughman, who has continued in charge. Since that time the number of offices operated by the company has steadily increased until now there are seventeen branches.—*Marion Ind. Chronicle, 10-14-26.*

LENDERS PLAN MEETING

The Indiana Industrial Lenders' association will meet in Terre Haute Nov 17, according to announcement made by members of the local association Over 100 lenders from all parts of the state are expected to be present, it is understood, and in addition to these members of the Illinois association have also been invited to attend as guests. The Terre Haute lenders will act as hosts for the occasion. The Hotel Deming will be headquarters for the gathering the meeting to be called at 9 o'clock and be completed at 4 o'clock.

Among the principal speakers who have so far been arranged for are Fred E. Barrett of Indianapolis and J. W Heyns of Evansville.

Mr. Barrett, president of the Prudential Securities company of Indianapolis will discuss the various phases of auto financing in connection with the Russell Sage Foundation small loan law. Mr Heyns, who is secretary of the We'fare Finance company of Evansville, will speak on the federal reserve system.

The meeting, which has been specially called, is said to be an important one and a large attendance among the lenders of both Indiana and Illinois is expected.

LOAN MANAGERS AND INVESTIGATORS WANTED

There are a number of openings in large chain organization for loan managers and outside men or investigators This particular chain has more than 100 offices with corresponding opportunities. Its expansion program calls for the opening of 25 additional offices before the end of the year. Permanent positions with prompt advancement for those who qualify by proving themselves to be honest, industrious, and willing to study the policies as well as the practice of a large corporation. Give full particulars of your experience if any.

BENEFICIAL OPERATING BUREAU,
SUITE 1600,
468 Fourth Avenue, New York City

BUSINESS OPPORTUNITIES

We desire to purchase an established Small Loan Office, preferab'y located in Maryland, Pennsylvania or West Virginia. With popul'ation of not less than thirty thousand.—Address: The Millenson Company, 106-108 S. Liberty St. Cumberland, Md.

Want to represent chattel loan company. Industrial city of 40,000 population. Legal state rate 3½% per month J. R. ANDERSON, Box 804, Parkersburg W. Va.

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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

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UNIVERSITY OF ILLINOIS

Eleventh Annual Meeting of the Pennsylvania Industrial Lenders Association

Brimful of interest and timeliness, snappy and with a tempo that never lagged from the opening session until the last strains of dance music that followed the dinner, the eleventh annual meeting of the Pennsylvania Industrial Lenders Association was held in Philadelphia on November 17th.

The annual meeting of the Association has become a classic among events of the kind and, as heretofore, it made Philadelphia for the day a focal point for Industrial Lenders from all points of Pennsylvania, and furthermore was attended by most of the personnel of the Executive Committee of the American Industrial Lenders Association, who arrived from New York after attending a conference there with officials of the Russell Sage Foundation.

William Young, of Philadelphia, Chairman of the Pennsylvania Industrial Lenders Association and also National Chairman of the American Industrial Lenders Association, presided at the opening session of the meeting, which was held in the Clover Room of the Bellevue-Stratford Hotel, and in his dual capacity welcomed the members and their guests to the meeting. The morning session was devoted to the reading of reports of officers and standing committees.

Before declaring the morning session adjourned for the annual luncheon, Chairman Young appointed a committee to report the nomination of officers to be balloted on to serve during the ensuing year.

Luncheon was served at half past twelve o'clock in the dining room adjoining the Clover Room, and when the menu had been disposed of Mr. Young briefly introduced Colonel George S. Stewart, of the Bureau of Legal Aid of Philadelphia, referring appreciatively to Colonel Stewart's services overseas as adjutant of the Twenty-ninth Division, American Expeditionary Forces.

Colonel Stewart prefaced his address, which was noteworthy for its earnestness and constructiveness, by stating the need of this post-war period for a moral leadership among nations, for which leadership, he said, our own country by the logic of events is best fitted. Just as there is this need for leadership in world politics, he said, there is a similar need among business organizations for some one body in each commercial division to assume a position of leadership designed to insure the good of that particular business as a whole.

In the field of industrial lending he believed that the State organization, by its traditions and accomplishments, was logically the body to assume leadership and to direct its energies to the task of bettering industrial lending and promoting the welfare of those it serves.

He indicated the four ways in which these efforts might be directed as follows: the elimination of salary buying, of so-called "insurance" companies and of oppressive financing concerns, and encouragement of the establishment everywhere throughout the State of legal aid bureaus similar to that of Philadelphia.

Colonel Stewart, speaking from an intimate acquaintance with the legal problems of the poor and of the hardships inflicted upon them by the evil system of salary buying, declared the system was "a cancer which should be cut out," and urged organized lenders to fight the evil as they had successfully fought the iniquitous loan shark system. He also vigorously denounced the small insurance companies that are not operated in good faith or upon sound principles and which prey upon the man of small means who lacks the facilities to resist their exactions and to obtain legal redress. In the same class he placed the concerns that finance the necessitous on such terms and conditions that they are hopelessly involved in debt.

In urging industrial lenders to give their moral support and encouragement to the establishment of legal aid bureaus in communities in the State that do not now have them, Colonel Stewart said he realized this was a matter not so directly the concern of industrial lenders as the abatement of the other evils he had listed, but since the people the legal aid bureaus were designed to benefit were the very class served by industrial lending, he believed they had a moral claim upon the assistance in this particular of the industrial lenders of Pennsylvania.

Colonel Stewart's brief address was heard with the closest attention, more especially as the abuse of salary buying had been under consideration at the morning session of the Association, and at the close of his talk he was warmly applauded.

The meeting reconvened at 2 o'clock, and after the Association had voted an appropriation of $150 each to the endowment fund of Temple University and to the Welfare Federation of Philadelphia, the report of the Nominating Committee was submitted.

On motion the report was accepted and the Secretary was instructed to cast the ballot of the convention for the following officers, who were declared duly elected: Chairman, Edward B. Webster, Philadelphia; First Vice-Chairman, J. G. Bachofer, Reading; Second Vice-Chairman, A. V. Hart, Philadelphia; Secretary, Walter S. Herron, Philadelphia, reëlected; Treasurer, Joseph T. Devine, Philadelphia, reëlected; Executive Committee, Charles H. Watts, Philadelphia and New York, Chairman, and A. S. Ezekiel and V. D. Moss, Philadelphia, and C. W. Loupe, Pittsburgh.

Mr. Young, the retiring chairman, then introduced his successor, Mr. Webster, and after Mr. Watts had paid a graceful tribute to the administration of Mr. Young, the newly elected chairman called upon Mr. Bachofer to preside in his absence on his duties as a member of the Entertainment Committee. The programme of prepared addresses was then followed.

The paper read by H. Shuster, of the Newark Cash Credit Company, on "Industrial Banking," was an excellently concise survey of the history of the business in this country, with incidental references to its development in other countries, notably Germany, France, Italy and Canada. The system in Germany, Mr. Shuster said, because of its extension to the agricultural districts as well as the cities, was able to operate at a lower interest rate than in this country. Germany's volume of loans was placed by him at $2,500,000,000 annually, with a total of 7,000 industrial lenders' banks, as compared to an estimated total of $250,000,000 annually in the United States.

The industrial lending system in Italy, Mr. Shuster said, was not as extensive as that of Germany, while that of France is conducted more on the order of the commercial banks, in this country, the lender opening a credit against which he is allowed to draw. Loans in Canada, he said, were made only to stockholders in the banks. In sketching the development of industrial lending in this country, Mr. Shuster noted the shift in the urban and rural populations, the latter now forming only 30 per cent of the total population, and he declared because of this there was an ever increasing demand for industrial lending banks.

Out of a comprehensive experience, J. H. Wickstrom of the Household Finance Corporation, Philadelphia, gave valuable counsel on "How to Collect a Loan."

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NATIONAL OFFICERS, 1925-1926.

Chairman, Wm. Young, 220 S. 16th St., Philadelphia.

Treasurer, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—H. G. McMullin, 757 Main St., Hartford.

Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.

Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.

Ind.—F. L. Thompson, Shelbyville.

Iowa.—C. M. Dehnert, 252 K. of P. Bldg., Des Moines.

Me.—H. S. Crosby, 163 Main St., Lewiston.

Md.—C. Howard Hood, 455 Calvert Bldg., Baltimore.

Mass.—H. J. Desormaux, 96 William St., New Bedford.

Mich.—Norman Buckner, 5 S. Saginaw St., Pontiac.

N. H.—F. A. Brodeur, 999 Elm St., Manchester.

N. J.—P. L. Alberse, Romaine Bldg., Paterson,

Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.

Pa.—E. B. Webster, 1612 Market St., Philadelphia.

R. I.—G. E. Rich, 26 High St., Pawtucket.

Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.

Va.—L. E. Pope, 206 E. Grace St., Richmond.

W. Va.—Sam Wormser, 3rd Ave. and Ninth St., Huntington.

Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.

Finance, W. P. Woll, 360 N. Michigan Ave., Chicago.

Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.

Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.

Publicity, L. K. Osborne, 32 Ruggery Bldg., Columbus, O.

Membership, F. L. Thompson, Farmers Nat'l. Bank Bldg., Shelbyville, Ind.

STATE SECRETARIES.

Conn.—W. J. Miller, 805 Main St., Hartford.

Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.

Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.

Me.—T. M. Fitzgibbons, 209 Clapp Bldg., Portland.

Md.—J. Rosenfield, 941 Equitable Bldg., Baltimore.

Mass.—A. C. Frank, 1618 Main St., Springfield.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.

N. H.—Sarah F. French, 413 Amoskeag Bank Bldg., Manchester.

N. J.—V. L. Buchman, 203 E. State St., Trenton.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penn.—W. S. Herron, 404 Denckla Bldg., Philadelphia.

R. I.—E. La Gueux, 76 Dorrance St., Providence.

Tenn.—A. Rohm, 204 Mercantile Bldg., Knoxville.

Va.—H. M. Fenner, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

Mr. Wickstrom's formula was the result of careful study of collection problems over a period of years by the largest lending concerns, and a significant part of his advice was that collection letters should be written by those whose special study of this form of correspondence had qualified them as experts. Another noteworthy suggestion was that cautioning against the use of threats to delinquents, except as a final resort and with the full intention of following it up by action.

The paper by H. G. Hopson, advertising manager of Community Finance Service, Inc., Philadelphia, on "Publicity vs. Advertising," was packed with worthwhile material for consideration by lenders as an organization. Mr. Hopson stated the difference between publicity and advertising as being, in the first instance, material printed in the news columns of journals, and, in the second instance, material printed in display type in the advertising columns. While not depreciating the value of publicity, Mr. Hopson contended that only by display advertising could industrial lenders as a body get their full story before the public, and he referred to the work done in this connection by the Indiana, Illinois and Georgia Industrial Lenders Associations. He also cited several instances where coöperative or institutional advertising had served to counteract the harm from an adverse or misinformed public opinion.

A spirited debate was caused at this session by the invitation extended to the Association by the Home Furnishers Association to have a representative attend a mass meeting to be held November 23d, to consider the question of introducing in the next Legislature several bills intended to protect installment houses in their collections. Among the bills to be considered was one providing for a garnishment law, and it was the sentiment of the meeting that the Association should not support any movement for a garnishment law or seem to support it by having a representative from the association attend the meeting where it was to be considered.

Vigorous expressions of doubt as to the wisdom or desirability of the enactment of a garnishment law in Pennsylvania were voiced by E. E. Moore and Dr. Charles G. Mueller, of Philadelphia, and W. P. Woll and B. E. Henderson, of Chicago, and no action was taken upon the invitation.

The annual dinner of the Association was held in the evening in the grand ball room of the Bellevue-Stratford Hotel, for which occasion the banquet room was beautifully decorated with huge masses of chrysanthemums, asters and other autumnal flowers, which were distributed to Philadelphia hospitals after the dinner. About 500 diners, among whom were many beautifully gowned women, were seated at the tables, with a hollow square left for dancing immediately in front of the dais at the eastern end of the room on which the speakers' table was set. Between courses there was dancing to the enlivening music of the Senator Novelty Singing Orchestra, and when jazz did not hold the boards during the dinner the Madrigal Singers, Philadelphia's famous choral society, sang numbers on the stage at the south end of the ball room.

At the speakers' table were seated Charles H. Watts, toastmaster; Judge Frank Smith, of the Court of Common Pleas, Philadelphia; Dr. Charles E. Beury, A.B., LL.B., LL.D., president of Temple University and president of the National Bank of North Philadelphia; Tate J. Harrison, Waterloo, Iowa; George W. Kehr, Harrisburg; Edwin R. Cox, Chairman of the Finance Committee, Philadelphia Council; William Young, Philadelphia; Dr. Charles G. Mueller, Philadelphia, former National Chairman; Mr. Romain C. Hassrick, Philadelphia; W. P. Woll, Chicago; and L. K. Osborne, Columbus, Ohio.

As toastmaster, Mr. Watts sustained a reputation gained by his successes at many prior occasions in that capacity, and his flashes of wit, kindly humor and piquant allusions in introducing the speakers of the evening were offset by his hints of the more serious aspects of the occasion.

Judge Smith, the first speaker, described the place of industrial lending in the financial system, and in stating the need for a system which would serve the financial needs of a class of people not accomodated by the banks he cited the report that there are in Philadelphia almost three quarters of a million people known to be in need of credit. Organized lenders, he said, have raised the business of lending money to persons in moderate circumstances to a place of responsibility and respectability. The coöperation of the state organization had relieved the financing of the poor of the abuses formerly attending it and had made it possible for the man, small financially, to obtain aid safely and confidentially.

Discussing the law under which industrial lending is regulated, Judge Smith said that the act is constitutional and that a search conducted by him had revealed only two county court cases in which any question was raised as to charges made by the lender.

"Our banks and trust companies are wonderful institutions," he said, "but a survey of financial conditions is convincing that they meet the demands of but a small minority of the citizens of this country. In Pennsylvania the trust company lends on collateral and the bank on a financial statement of the depositor. It is estimated that not more than ten per cent of our adult population have checking accounts in our banks and trust companies, and that about five per cent can borrow money in banks. If ninety per cent of our adult population are in the position that they cannot borrow money on satisfactory collateral or financial statements, you can see the large field in which financial help may be given by institutions such as yours.

"Your business is sound and substantial and all thinking men stand in back of your association. It is the greatest blessing to the needy that this business has been steered into the harbor of stability and security. The business of the money lender of to-day is an honorable profession."

Alluding to him as the "pathfinder," whose name was not on the evening's program but was nevertheless written on the hearts of the people his labors had benefitted, the toastmaster introducing Mr. Cox as "the patron saint of organized industrial lending."

Mr. Cox in expressing his pleasure at being present said that seventeen years ago an occasion of this kind would not have had a corporal's guard in attendance. Reviewing the long fight to effect reforms in the small loan business, he said

that he had first become interested in the subject in 1909 and subsequently had made repeated efforts to have legislation enacted. It was not until there was recognition of the fact that the lender as well as the borrower had a right to protection that the present law was enacted.

The results of the law, Mr. Cox said, had been good and the industrial lender to-day enjoyed a high status, which he compared favorably with that of some of the building and loan associations now operating in the state, whose rates, he said, were entirely too high.

Dr. Beury, the next speaker, said that as vice president of two trust companies he had obtained a wholly different impression of the small loan business than that he had held before he had closer contact with it. As a result of this better understanding, he said, he was convinced the rate of interest charged on small loans was not disproportionate to the service rendered. Industrial lending had prospered, he said, because the rate fixed by law is a fair charge. If it were unfair, the business would not have prospered. The job of organized lending, said Dr. Beury, was to bring the business out of the mist of ignorance and misunderstanding, to show that the interest charge is logical, reasonable and necessary. There are still many, he stated, and among them some bankers, who question the right of the business to exist, and there is work for the Association to do in dispelling this prejudice and proving that industrial lending supplies a legitimate and necessary service to the community.

Speaking of Temple University and its drive for an endowment fund, Dr. Beury paid a feeling tribute to the work of Dr. Conwell, the university's founder and his predecessor, and described the founder's labor in building the university to the point where it now ranks as one of the ten largest universities in the nation. Of the earnest character of its students, he said that more than 95 per cent of those enrolled are working their way through, and he lauded the splendid purpose of the founder in seeking to make the institution one that would afford opportunities to the underprivileged boy and girl to acquire an education.

Dr. Beury's address closed the evening's formal program, and after the ball room had been cleared of the tables and chairs there was dancing until one o'clock in the morning.

TO THE MEMBERS OF THE AMERICAN INDUSTRIAL LENDERS ASSOCIATION

I could not well let this opportunity pass without commending you at this season for the spirit of coöperation which you have expressed during the past years and which you have given evidence of so far during the present administration. It is only by thus working together for the common good, that we as an Association, dedicated to the betterment of our particular business and to the general improvemen' of world economics, can exemplify the teachings of the greatest Teacher the world has ever known.

May you carry into your work as Association members, during the coming new year, the happiness and spirit of fellowship which we feel for one another especially at this Christmas season.

With sincere wishes for a Merry Christmas and a Prosperous New Year, I am

Sincerely yours,
WILLIAM YOUNG,
National Chairman.

WHAT IS THE IDEAL LOAN MANAGER IN HIS DEALINGS WITH THE BORROWING PUBLIC?

W. A. KEFAUVER

Read at meeting of Rhode Island Industrial Lenders Association, October 21, 1926

The writer wants to point out at the start that in this composition, the statements are not made as definite facts but they are merely an expression of his opinions on the subjects in question.

I will first discuss the new customer, the man whom the loan manager has never had on his books before.

It should be borne in mind at all times that at best, it is a hard matter for the average person to come into a loan office to negotiate a loan, assuming that the person is possessed of ordinary sensitiveness and is not a dead-beat. Furthermore, it is to be remembered that he is paying a good price for whatever service he gets from the loan company.

Also, it should be remembered that many persons know of or remember from personal experience the crude, harsh manner in which the small loan business was once conducted and for these three reasons, as well as others, the loan manager and indeed, all the employees of the office should use every possible amount of tact, courtesy and kindness in dealing with the applicant.

The applicant should be greeted as pleasantly as possible and put at ease as soon as possible and then taken into a private office to make his application. This will make him feel more comfortable and he will talk more freely than he would in the lobby through a payment window.

It is a good plan to caution him at the start of the interview that he will be expected to observe strict truthfulness in answering all questions both to prevent the loan from being rejected on account of his possible misstatements and so he will not be guilty of obtaining money under false pretenses. This warning, of course, must be made with great tact and it should be pointed out at this time that the service is strictly confidential.

After the loan is approved, if it is, when the man and his wife come in for the loan, the same warning may be reiterated and the reference sheet taken, but in the taking of this reference sheet, the necessary questions can be asked in such a way as to lose a great deal of their unpleasantness for the customers.

The loan manager should rule the interview from the start and not let the customer get the impression that he is doing the company a favor by borrowing the money or that he is putting anything over on the loan manager, but it is not meant to be inferred by this that he is to bully the customers or use rough-neck tactics on them. In other words, he should as usual, do this work pleasantly and tactfully, but inasmuch as the importance of the closing of the loan cannot be over emphasized in regard to the future prompt payment of it, the loan manager should be clear, concise and forceful and let the customer understand fully exactly what is expected and will be required of him. Familiarity with customers should never be indulged in or tolerated.

In dealing with old accounts, who are reapplying, the loan manager should greet them cordially, shake hands with them, call them by their name, take them into a private office for the discussion and then go through with the same proceedure as outlined for new applicants—EXCEPT—that he should eliminate every possible item of red tape that can be eliminated and still have the renewed loan meet the requirements of his company's system and protect the company from loss.

The loan manager should endeavor to instill into the customer the idea that he has confidence in him and that he is delighted to help this old customer and the dealings should be very cordial and pleasant but not familiar.

In dealing with personal friends who are applying for a loan; the loan manager should impress upon them from the start and continue this impression during the entire loan, that the question of personal friendship does not enter into the matter at all and that they will be treated exactly like a stranger in their dealing with the company.

If the applicant is rejected, it must be done in such a way that the turn down will not be offended and will have no chance for argument. It is not necessary to go into details as to the different possible means of "breaking the bad news" as these are familiar to all loan managers and the loan manager must use the manner he considers best adapted to the particular applicant in question.

In dealing with the customer once he starts paying, the loan manager's personality should act just as outlined in the making of the loan, whether the customer is paying on time or requesting an extension and in dealing with delinquents, he must be firm at all times and endeavor, in so far as possible to hold the client to his contract but he must exercise sympathy and understanding where the case merits it.

Of course, there is always a small minority of customers who will require very stern, rigid handling and the loan manager must not hesitate to use these methods where needed, but must be sure to never let the customer leave the office angry or "sore."

In short, impress upon the borrower that you will help him but he must do his part and in so far as possible live up to the letter and the spirit of his contract, but when he has a legitimate need for an extension, if he will call at the office on or before his due date and explain the matter, you will be delighted to give him the desired extension, which, however, must be as short as possible.

In short, to sum up, the loan manager must be pleasant, agreeable, tactful and at all times, sympathetic but firm and never procrastinating or weak, nor shall he ever fail to *run his office* and not allow a single one of his customers to run the office in any respect in their dealings with him.

Competition is keen and loan costs are high and it is the loan manager who has and who uses a real personality as outlined in the preceding paragraphs who will run a successful office, retain his self-respect and be a credit to his profession, his community and his company.

TENNESSEE

The second annual meeting of the Tennessee Industrial Lenders Association was convened at the Andrew Jackson Hotel, Nashville, Tennessee, Friday November 12th, at 10:00 o'clock A. M. The meeting was called to order by Secretary G. B. Love on account of the absence of Chairman O. H. May. On motion of Secretary Love seconded by Mr. Hodge, Arthur Vohm of the Lincoln Loan Company of Knoxville was elected temporary chairman and presided until the annual election of officers.

Minutes of the last meeting were read by the secretary and on motion of Mr. Humphries, seconded by Mr. Manford, were approved as read.

The treasurer's report was submitted by the secretary, Treasurer W. B. Richards being unable to attend. Report showed that there had been collected in dues and assessments $413.15, with total expenditures of $289.75, leaving a balance on deposit in the Holston National Bank of $113.40. On motion of Mr. Rice seconded by Mr. Barfield the treasurer's report was accepted as read and Treasurer Richards given a rising vote of thanks for his efficient handling of the finances of the Association during the past year.

Addresses

Arthur Rohm, Lincoln Loan Company, Subject, "The Advantages of a Local Exchange Bureau."

C. G. Liggett, Beneficial Operating Bureau, subject, "Exchange Bureaus."

G. B. Love, Personal Finance Company, subject "Advertising."

Hon. Geo. S. Knapp, Attorney of Memphis also addressed the meeting on the subject of advertising, stressing the fact that members of the Association by advertising should not create the idea in the public mind, that lenders would not consider a loan of less than $25.00, giving as his reason, the fact that small borrowers, on account of this idea were being driven to the salary broker and that such practices were apt to cause unfavorable sentiment against the Uniform Small Loans Act under which we operate.

General discussion followed in which all members present participated.

On motion of Mr. Rice seconded by Mr. Love the meeting was adjourned for the luncheon meeting, business session to be resumed at 2 o'clock P. M.

A very delightful luncheon was held in the ball room of the hotel and attended by all members present, at which time a very enjoyable and enlightening address on advertising was delivered by A. T. Miller of the Nashville Banner.

The afternoon session was called to order by temporary chairman Rohm at 2 o'clock.

Hon. Geo. S. Child and Hon. Thomas A. Schriver addressed the meeting on remedies for the oppressive privilege tax to which Tennessee Lenders are subjected.

There being no further business at this time election of officers for the ensuing year was in order and on motion of G. B. Love seconded by Mr. Manford, C. G. Liggett, M. G. Stokes and Henry Disser were elected as a nominating committee and instructed to submit a slate of officers to be placed in nomination before the meeting for election to offices for the next year. The nominating committee placed the following nominations before the meeting: G. B. Love, chairman; O. H. May, vice chairman; W. B. Richards, treasurer; Arthur Rohm, secretary.

Motion by Mr. Manford, seconded by Mr. Rice that the slate as submitted be accepted and placed before the meeting for election, carried.

Election followed, the entire slate being elected without a dissenting vote.

Temporary Chairman Rohm surrendered the chair to the newly elected chairman G. B. Love, who in a short address expressed his appreciation for the honor bestowed upon him and pledged his best efforts to the service of the Association.

The other newly elected officers present also expressed their appreciation and pledged their untiring efforts to the betterment of the Association.

Motion by Mr. Rohm, seconded by Mr. Humphrey, that the chair be vested with authority to appoint a Membership and Vigilance committee and that the Secretary notify the members of their appointment as soon as made. Carried.

Motion was made and carried that the Association hold only two meetings a year and that these be held in the months of May and November and that the next meeting of the Association be held in Memphis, in May 1927, on date to be set by the executive committee.

There being no further business, on motion duly made and seconded the meeting was adjourned.

The annual banquet was held in the ball room of the Andrew Jackson Hotel that evening at 7 o'clock P. M., there being approximately 100 members and guests present. Very interesting and instructive addresses were given by, Judge W. C. Cherry, Col. Acklen and C. G. Liggett after which there was dancing and an enjoyable time was had by all those present.

Arthur Rohm, *Secretary.*

ORGANIZATION TO COMBAT LOAN SHARKS

Committee Is Appointed to Work Towards Uniform Small Loan Bill

A movement to combat the usurious practices of loan sharks and salary buyers in Kansas City, described as among the most rapacious of any city in the United States, has been launched here. At the same time a similar movement has been started in St. Louis looking towards the adoption at the next session of the legislature of a statute based on the Uniform Small Loan Bill prepared by the Russell Sage Foundation, which is now in effect in twenty-three states.

This movement grew out of a meeting three months ago of the Public Health and Welfare Committee with representatives of the various social agencies and industrial concerns most familiar with the evils which arise from the usurious practices of such concerns. At this meeting were representatives of the Council of Social Agencies, American Red Cross, the city's Welfare Department, Provident Association, Better Business Bureau, Associated Industries of Missouri, railroads and industries. A small subcommittee was appointed to perfect a working committee to carry on an active campaign. This was approved by the Executive Committee July 14.

The personnel of the committee, which is representative not only of the Chamber but of other interested groups, follows:

Frank S. Stroheker, Chairman.
Cornelius Roach, vice-chairman.
Ray W. Wilson, secretary.

B. Adler	Eric E. Matchette
Mrs. A. I. Beach	John B. Neal
Dr. Geo. E. Bellows	Mrs. W. A. Osgood
C. E. Buehner	J. M. Prickett
Mrs. Henry Cohen	Homer Rogers
Geo. H. Combs, Jr.	Martin Ryan
F. C. Douglas	E. A. Sandler
Henry D. Faxon	Karl Schreiber
Frank J. Flynn	Mrs. Ralph Swofford
L. A. Halbert	Dewey P. Thatch
Lou E. Holland	Wm. Volker
A. W. Kælin	Mrs. Eleanore C. Walton
Rev. J. G. McGowan	

W. W. Whitson

This committee will hold its first meeting on October 15.

An interest rate of 35% a month is not uncommon here, it was pointed out at the first meeting on the subject. The railroads make a practice of discharging an employee after his salary has been garnished on two occasions. This has resulted in many men being thrown out of employment and made subjects of charity.

The Uniform Small Loan Bill, which will be studied by the committee, provides for the licensing of lenders to loan money at an authorized interest rate of not to exceed 3½% per month on unpaid balances. This bill would provide for the state regulation of the business of the lender, would require him to give bond and would provide for suitable punishment for usurious lenders. The question has been raised as to why an interest rate as high as 3½% per month has been permitted. It has been found, according to Leon Henderson, head of the Department of Remedial Loans of the Russell Sage Foundation, that this is the lowest rate of interest at which legitimate capital can be attracted into the field of the small loan business. As 85% of wage earners are without bankable credit and as many of them need loans in emergencies, it is important from a social service standpoint that small personal loans should be properly regulated.

Mr. Stroheker, who is vice-president of the Bankers Mortgage Company, has just returned from New York City, where he was assurred the support of the Russell Sage Foundation in the campaign looking towards the adoption of a suitable bill for the legislators early next year.—*Kansas Citian, Oct. 12, 1926.*

CONNECTICUT

The Fall meeting of the Connecticut Industrial Lenders Association was held at the Elm Tree Inn, Wednesday October 13th, with a luncheon at 1 P. M.

The meeting was called to order at 3 P. M. with Chairman McMullin presiding.

Reading of the Minutes

Minutes of the previous meeting were read and approved. The roll call showed twenty-five members in attendance.

Report of the Treasurer

The report of the treasurer was read and approved.

Report of the Secretary

The report of the secretary was read and approved, and the report of the National Convention attended by the Secretary as delegate was read and ordered filed.

Reporting Committees

Membership Committee: Mr. T. C. O'Brein Chairman was absent.

Loan Exchange Committee: Took up the matter of Bridgeport Exchange as discussed by various members and was decided that the Exchange be started by the Beneficial Loan Society, the New England Equity Corp., and the Mutual System Company.

Mr. Zimmerman's report for the Vigilance Committee: Reported that several non-members of small lenders were making real estate mortgage loans at the 3½% rate which is contrary to the spirit of the uniform loan law. There was a motion made and seconded that the Secretary write these offenders warning them against making real estate mortgage loans at the small loan law rate, stating that any other deals that are noted it will be necessary that this association call it to the attention of the banking department. The facts and copies of these letters to be sent to the banking commissioner.

Committee appointed by the Chair to compile these letters to be sent to these offending lenders included Mr. McMullin, Mr. Elder, and Mr. Miller.

REPORT OF SPECIAL COMMITTEE

Mr. Connors, chairman of the educational advertising campaign, asked that the members in their respective cities check over the name and address, as they appeared in the newspapers and suggested that members obtain proofs from each paper handling the advertising. Motion was made that the Waterbury Bdgpt. Herald should be included in this campaign. This motion was carried.

UNFINISHED BUSINESS

Secretary was instructed to send loan papers collected by members of various cities to lawyer Walter Walsh, of New Haven for him to compile a uniform group of loan papers affording the greatest production. The matter of uniform newspaper caption was discussed by various members and was held over until the next meeting. There was a motion made that each member send in his suggestion as to a newspaper caption.

NEW BUSINESS

Secretary read a paper regarding the advertising of minimum and maximum loans which brought about the following resolutions: Resolved that members of this association favor that the words "Loans up to $300" be used rather than the words "twenty-five to Three Hundred" in all our advertising matter.

NEW MEMBERS

It was recommended that delegates be appointed in each city to sell the Association Idea to non-members. It was decided to start a membership campaign which was the forerunner of the following motion. Motion made by Mr. Stevenson and seconded by Mr. Conners that non-members be allowed to join the Association for the year 1927 at the minimum amount of $20.00 providing that they join prior to January 1, 1927. In connection with the above motion it was suggested that at least three delegates be appointed by the chairman from Hartford to call on the Banking Commissioner asking him for a letter approving the work being done by this association, said letter to be used in connection with the membership campaign.

The next meeting which is the annual meeting was voted to be held at New Haven. It was voted by the Executive Committee to hold at this time the second Annual Banquet, and was decided that business be started with luncheon at 2 o'clock to be followed by a dinner and dance at 8 P. M., on the third Wednesday in January 1927.

Mr. William J. Miller was appointed by the Executive Committee as Chief of Staff for the Annual Banquet.

WM. J. MILLER, *Secretary.*

RHODE ISLAND

The regular meeting of the Rhode Island Industrial Lenders Association was held in Providence at the Biltmore Hotel, Room D, Mezzanine Floor on Thursday, October 21, 1926.

The meeting was called to order at 7:30 P. M., by Chairman Rich.

The Roll was called by the secretary and was answered by the following: New England Equity Corporation, Providence; Chester Neal Company, Providence; Mutual Service Association, Newport; Mr. James S. Dwight, Providence; Mutual Finance System, Providence; Citizens Finance Service Company, Providence; American Loan Company, Woonsocket; National Loan Company, Pawtucket; Personal Finance Company, Providence; American Loan Company, Providence; American Loan Company, Pawtucket; Beneficial Loan Society, Providence; Mutual Loan Association, Pawtucket. Present also were Messrs. W. E. Winters, A. G. Zimmerman and H. A. Morgan.

REPORT OF OFFICERS

Treasurer, absent.

Secretary, reported a membership of nineteen (19). Mr. Neal made a motion to accept report and being seconded by Mr. Pomfret it was carried.

Chairman Rich reported on the Convention of the American Industrial Lenders, held in Cleveland Ohio, recently to which he was a delegate. He stated the most important subject discussed was on Salary Buyers, and what was needed to fight them was the Coöperation of each State Association membership to support the American Industrial Lenders and Russell Sage Foundation in their campaign against these offices who charge from 260 to 500 per cent per year.

He told of the large attendance at the business sessions, and of the wonderful times enjoyed by those who attended the Convention. Mr. Pomfret's motion to accept the Chairman's report was duly seconded by Mr. Rock. Carried.

REPORT OF STANDING COMMITTEES

Membership, E. La Gueux stated they had received one application for membership which would be passed upon at this meeting and that another prospect had stated they would join the first of our next fiscal year. This report was approved and accepted upon motion made by Mr. Lewis and seconded by Mr. Rock.

Auditing, Chairman Rich gave a report of the auditing of treasurer's books. Mr. Wood made a motion it be accepted and committee discharged, this was seconded by Mr. McGray and passed.

Constitution and By-Laws, Chairman Wood, supported by Messrs. Neal and Lewis reported progress. Motion was made and duly seconded to accept report. They were working hard and the benefits of their thoughts would be given to members to pass upon at a later date.

Mr. Kefauver, who had prepared a paper on "What is the Ideal Loan Manager in his dealings with the Borrowing Public?" being absent, it was read by Mr. Wood and favorably commented on. The secretary was instructed to thank Mr. Kefauver for his well composed efforts.

A discussion took place regarding the advisability of holding a banquet. Motion of Mr. Neal, seconded by Mr. McGray to postpone this matter indefinitely. Carried.

The application for membership of the Auto Owners Loan Company of Providence was approved and they were duly elected as a member.

Mr. C. C. Rock was nominated and elected on the Executive and By-Law Committees to fill vacancies caused by the resignation of Mr. W. A. Kefauver.

Mr. D. W. McGray was nominated and elected on the Executive, Publicity, Membership and Vigilance Committees to fill vacancies caused by the resignation of Mr. S. S. Moran.

E. LA GUEUX, *Secretary.*

MAINE

The Third Annual Banquet and meeting of the Maine Industrial Lenders Association was held in the Private Banquet Room of the Congress Square Hotel, Portland, Maine, on the evening of October 28. The regular business meeting was conducted with a good membership and the following were admitted to members of the Maine Association: Mr. Andrew C. Sager, Manager, Personal Finance Company, 45 State Street, Bangor, Maine; Mr. Osborn C. Ward, Manager, Personal Finance Company, 14 Lisbon Street, Lewiston, Maine. Mr. Osborn C. Ward took the place of Mr. Clyde Bookman who was transferred to Connecticut.

The election of officers for the ensuing year was as follows: Chairman, Henri S. Crosby, 163 Main treet, Lewiston, Maine; treasurer, Mr. Wesley M. Snow of the W. M. Snow Realty Snow Company, 401 Fidelity Building, Portland, Maine; vice chairman, Mr. Edward Small, 24 Lisbon Street, Lewiston, Maine; secretary, Mr. Thomas M. Fitzgibbons, Room 209 Clapp Memorial Building, Portland, Maine.

The following members and their friends attended the banquet: Mr. Wesley M. Snow; Mr. and Mrs. Alfred G. Zimmerman, New York; Mr. and Mrs. Henri S. Crosby, Auburn; Mr. and Mrs. Edward Small, Lewiston; Mr. and Mrs. Edward Miller, Lewiston; Mr. and Mrs. Sidney, St. Felix Thaxter, Portland, Maine; Harry H. Cannell, Portland; Dr. Charles F. King, Westbrook, Charles J. Bernstein, Bangor; Mr. and Mrs. Andrew C. Sager, Bangor; Mr. and Mrs. Alton Rowe, Bangor; Mr. and Mrs. Earle Files, Portland; Mr. C. S. Speed; Miss Beatrice M. Connor, Portland; Mr. and Mrs. Charles Starbird Auburn; M. A. Sulkowich, Portland; Osborne C. Ward, Lewiston; Miss Sophia Hinds, Lewiston; Robert Fraser, Lewiston; Miss Natalie Snow, Portland; Miss Mary Parent, Lewiston; Miss Mary Gasclon, Lewiston and Gordon Skillings, Lewiston.

Dr. Charles F. King, Clergyman and Attorney, offered the invocation at the beginning of the dinner and was later

called upon by Toastmaster, Henri S. Crosby to make a few remarks. Dr. King spoke on credit and its vital necessity to carry on the business of the world to-day. He paid a special tribute to the men engaged in the small loan business in that they were conducting a very necessary public service which brings relief to many people temporarily embarrassed financially. One of his many witty remarks was that he hoped that the Lord would bless the men operating small loan companies and help them to keep their wits sharpened as they certainly need it in a business of this nature.

Mr. Harry H. Cannell, prominent Portland Attorney spoke on legislative matters in connection with the uniform small loan law. Mr. Cannell remarked that meetings of this nature were of paramount importance in getting the men together in this business so as to promote closer coöperation and to educate the public with a clearer and fuller understanding of the rate and the business in general. Mr. Cannell made it very clear to the audience present that while the rate is 3½% a month and 42% a year that a person does not pay $42.00 a hundred for the use of the money. He explained that the principal was retired with the interest every month and that the actual rate paid was not greater than 20% per annum. Knowing the small loan business as he does he can speak as an authority on this matter.

Mr. Alfred G. Zimmerman, chairman of the Executive Committee spoke on the trend and progress of the movement to improve small loan conditions. He also made some stirring remarks on loan rates and the financing of the working man. THOS. M. FITZGIBBONS, *Sec.*

MARYLAND

The October meeting of the Maryland Industrial Lenders Association was called to order promptly at 8 o'clock by Chairman Hood. Seventeen Companies reported present.

Mr. Baseman, Treasurer, reported all bills presented to his office to date had been paid, leaving a balance of $185.93. The members present were requested to report any information which might come to their attention, to the Vigilance Committee. Mr. Gardner, Chairman of the Law Committee, stated that there were no new developments requiring his attention. Mr. Holden, of the Publicity Committee said that he had been advised that a write-up which he gave to one of the newspapers had been reported to him as having been lost and therefore nothing appeared in the paper covering the activities of the Association at that time. He further stated he had been advised that if he would forward them a report covering the activities of the Association they would be very glad to give us the publicity on same.

A letter was read from the Beneficial Operating Bureau, relative to the advertising indulged in by some of the companies, who advertised loans from $25.00 to $300.00, the point being made that the spirit of the Petty Loan Act was to take care of all necessitous borrowers for any sum up to $300.00. The secretary requested Mr. E. F. Moore, to whom we are frequently indebted for illumination on some points covering the loan business, to elaborate on this subject. His treatment of this question was very educational to the members present.

Mr. Ryan, of the Atlantic Finance and Discount Company, brought to the attention of the Association an article appearing in the paper called "The Labor Leader," on the subject of "Money Lenders Jailing Borrowers." Mr. Mattingly and Mr. E. F. Moore informed the members present that the paper did not have the backing of organized labor and was practically an independent sheet employing methods of this kind as a threat to secure advertisements for their paper.

Mr. Mattingly introduced a Resolution of Sympathy upon the death of our esteemed friend, Mr. A. S. Goldsborough, and it was unanimously voted that a Resolution of Sympathy be spread upon the minutes of this meeting. The Resolution follows:

WHEREAS, It has pleased the Almighty to remove from our midst. by death our esteemed friend, A. S. Goldsborough, who has for many years occupied a prominent place in our hearts, maintaining at all times a loveable character, and true friendship;

Be it Resolved, That in the death of Mr. Goldsborough we have sustained the loss of a friend whose fellowship it was an honor and a pleasure to enjoy; that we bear willing testimony to his many virtues, to his unquestioned probity and stainless life; that we offer to his bereaved family and mourning friends, over whom sorrow has hung her sable mantle, our heartfelt condolence, and pray that Infinite Goodness may bring speedy relief to their burdened hearts and inspire them with the consolation and Hope in the futurity and Faith in God, given even in the Tomb.

Resolved, That a copy of these resolutions, properly engrossed, be presented to the family of our deceased friend.

SIGNED: *Maryland Industrial Lenders Association,* C. H. HOOD, *President.*

A copy was also sent to the family of the deceased. A motion was also passed to send a floral tribute to the family.

There was quite a discussion of the salary assignment situation which has developed at the Baltimore & Ohio Railroad. Due to the fact that the Baltimore office receives the assignments from all parts of the country where they operate, the local situation appears to have received the brunt of the blame for this condition. It was therefore suggested that the secretary communicate with the various State Secretaries apprising them of conditions as they are.

The association had the pleasure of having among its guests our old friend, "Bill" Young, National Chairman. Mr. Young made an appeal for one hundred per cent membership in both State and National organizations.

There were so many motions both passed and recinded with reference to the Association having a Ladies' night, that the secretary lost track of what occurred and is still at sea upon the subject, although he has a sneaking notion that there will be no Ladies' night.

We also had the pleasure of being addressed by Mr. Wm. Lawrence, Republican Candidate for Judge of the Supreme Bench. The secretary remembers distinctly that Mr. Lawrence repeated a statement to the effect that we should all live right so that we could look every man in the eye and tell him to go to Hell. The secretary made an attempt to follow this advice, lived right for three weeks with the avowed purpose of telling a certain party to go to the aforementioned destination, with very sad results to himself.

J. L. ROSENFIELD, *Secretary.*

ALLING CHAMPIONS HIGH INTEREST LAW

Declares 42 Per Cent Annually Is Not Exorbitant

The statement by Attorney S. Gerard Casale, Democrat, at a noon day rally yesterday at Landers, Frary & Clark's factory gate, that the Republican party sponsored the enactment of the law which permits socalled "loan sharks" to exact 42 per cent interest on small loans, drew a reply to-day from Judge Benjamin W. Alling, republican nominee for attorney general, who contends that there is ample justification for the law and its effect has been to protect that portion of the public which finds it necessary to borrow money from companies whose operations are regulated by the law, from being victims of interest charges of considerably higher rates.

"I was surprised to read Attorney Casale's reference to this law, and I believe that if he was familiar with the history of the legislation and the conditions existing in Connecticut, and right here in New Britain prior to its enactment, he would not have touched on it," Judge Alling said in an interview.

The late Senator George W. Klett, law partner for many years of Judge Alling, was one of the prime movers for enactment of the law in 1919. It had come to Mr. Klett's attention that companies were operating about the state under direction of a man in Washington, and were exacting exorbitant interest charges from persons who were at their mercy. Senator Klett went to Washington and Philadelphia at his own expenses and obtained proof of the need for legislative action to curb these companies, Judge Alling said, and after a hard fought battle in the legislature, the law was passed. During the debate it was claimed that the monthly charge of 3½ per cent, which amounts to 42 per cent per year, was not exorbitant, in view of the heavy operating expenses of the loan companies and the risks they were required to take because the bulk of the security they were able to obtain on loans consisted of household furniture, jewelry and the like, and assignments of workingmen's wages. It was proven, Judge Alling states, that many loans were never collected because men who assigned their wages frequently left their employment and had no wages to be assigned after making a few payments, and where furniture and similar security was called in, the loan companies were unable to dispose of it to advantage.

It developed, also, Judge Alling said, that some companies would cease operations in Connecticut if the legal interest charges were lowered, and the condition that would probably follow would be closely akin to bootlegging in liquor. Fly-by-night companies might come into a city and exact whatever interest rates they could collect, he said. All such phases of the matter were gone into very thoroughly before the law was passed, he claimed.

In the 1923 session of the legislature, a law was enacted placing all loan com-

panies in the state under direct supervision of the state bank commissioner, who has power to revoke their licenses, dictate the methods of accounting to be used and in every other way keep them under surveiliance. In the interim between the 1923 and 1925 sessions of the legislature, Judge Alling inquired from Commissioner Byrne whether or not the 3½ per cent monthly charge was exorbitant and the reply was that the period of his supervision was not then sufficiently long to permit of fair appraisal of the charge. Mr. Byrne said, however, that when the 1927 legislature convenes, he will be in a position to state the results of his supervision, and, according to Judge Alling, it is very probable that the law will be revised. Whether the legal interest charge will be lowered or increased cannot be foreseen at this time.

"I believe that the law is a good one," Judge Alling said, "because it affords protection to those who are obliged to borrow money from loaning companies. Naturally, if a person has good security or is in a position to obtain responsible endorsers, it is not necessary for him to deal with loaning companies, but for those who must mortgage their furniture and personal belongings, supervised companies are a necessity."—*New Britain Daily Herald, New Britain, Conn., Oct. 29, 1926.*

ILLINOIS

The regular quarterly meeting of the Illinois Industrial Lenders was held October 29th in the East Room of the Hotel LaSalle in Chicago. Seventy-four members were present and a real steak dinner was served at 6:30 P. M.

The business meeting was called to order by our President, Albert P. Snite, at 8 P. M. There were no speakers present and the evening was devoted to interesting discussion and reports.

Officers' reports were made showing a satisfactory treasurer's report and the same on membership. Three new members were accepted and names follow:

Popular Finance Corporation, 1951 Irving Park Boulevard, Chicago; Popular Finance Corporation, 4710 Irving Park Boulevard, Chicago; Household Finance Corporation, 308 Waukegan National Bank Building, Waukegan, Illinois.

Charles R. Napier, our legal counsel, reviewed the progress made in Illinois in the cases of salary buyers who have been operating on a large scale and reported satisfactory coöperation from a number of large firms and railroads to assist in curbing the illegal practice of salary buyers in making continuous loans at 20% a month.

Resolutions were made assuring the full hearted supported of all Illinois Lenders and motion was made to send the following telegram:

MR. LEON HENDERSON,
Director Russell Sage Foundation,
130 East 22nd St.,
New York, N. Y.

At the regular quarterly meeting of the Illinois Industrial Lenders Association held this evening at the Hotel LaSalle, the following resolution was unanimously adopted; "Resolved, that Illinois Industrial Lenders Association pledges its moral and financial support to the fullest extent that the terms imply to the Russell Sage Foundation in the campaign it is carrying on in conjunction with American Industrial Lenders Association against the Salary Buyers of America."

JOHN H. SANDERSON,
Secretary.

An interesting letter was read from Mr. Charles H. Watts, President of the Beneficial Operating Bureau of New York City, on the practice of some members who advertise loans from $25.00 to $300.00 and it was urged that we do not discourage the small loan because this is contrary to the spirit and understanding at the time the legal rate was adjusted by the Russell Sage Foundation. It was agreed by all present that they do make small loans frequently and will continue to do so. After some time spent in profitable discussion it became necessary to alter our usual procedure as Charlie Turgrimson was absent in pursuit of the elusive Duck and the chair heard the motion to adjourn from another member.

J. H. SANDERSON, *Secretary.*

VIRGINIA

The regular meeting of the Virginia Industrial Lender's Association was held at O'Keefe's Cape Henry Casino, Norfolk, Va., Oct. 21, 1926.

The meeting was called to order by Chairman Pope, at 2:00 P. M.

ROLL CALL

The following members answered the Roll Call: *Richmond,* Va., Citizens Small Loan Society, United Small Loan Corp., Virginia Small Loan Corp., Beneficial Loan Society, Credit Small Loan Service. *Norfolk,* Va., The Empire Company, Citizens Small Loan Society, Norfolk Loan Society, National Small Loan Society, Beneficial Loan Society, Atlantic Small Loan Co., Credit Small Loan Service, Harris Investment Company. *Roanoke,* Va., Roanoke Loan Society, Beneficial Loan Society, Roanoke United Small Loan Corp., *Lynchburg,* Va., Lynchburg Loan Society. *Portsmouth,* Va., Beneficial Loan Society. *NewPort News,* Va., Mutual Small Loan Corporation.

SECRETARY'S REPORT

We have a total membership of 29 and 27 of this number have paid to July 1st and most of them have paid for the year. The other two were elected to membership at the June Convention but through oversight were not notified of their election to membership until October 10th, 1926. There are 39 Licensed Small Loan Corp. in the State.

TREASURER'S REPORT

The treasurer's report was read and approved. This is filed in the office of the treasurer and subject to the inspection of any member of the Association at any time. On motion made by Mr. Mattingly, seconded by Mr. Moore, the treasurer's report will not be included in the minutes of the Association in the future.

COMMITTEE'S REPORT

Executive Committee.—The secretary read a letter from Mr. Watts in which he called attention to the manner in which some of the Loan Companies advertised, about as follows:

"Will lend from $30.00 to $300.00 on furniture, etc."

In some cases the doors or windows were worded as follows:

"Loans $25.00 to $300.00."

In this letter Mr. Watts suggested that the wording should be changed to read: "Loans up to $300.00 as some of the companies did not make loans as small as $10.00 and others made them for less.

On motion of Mr. Moore, seconded by Mr. Pope, it was decided to discontinue this manner of advertising and use the following:

"Loans up to $300.00."

Richmond Committee.—Mr. Burnette. At a meeting of the Richmond members of the Virginia Industrial Lenders Association held in Richmond on Thursday evening, October 14th, Chairman Pope presiding, the question of the investigation of Salary Buyers in that City was discussed.

Members present were as follows: Beneficial Loan Society, Capitol Small Loan Corp., Central Small Loan Corp., Credit Small Loan Service, Citizens Small Loan Society, and Mr. Moore, Supervisor of the Beneficial Loan Society of New York.

In discussing the salary buyers operating in Richmond, Mr. Pope referred to a letter received from the Russell Sage Foundation, in which they had requested all data possible to secure on people in Richmond conducting this line of Business.

Mr. Pope appointed a committee composed of Messrs Edge, Brice, Kidd, Gordon and Biel, to investigate this type of business in our city, and make a report, if possible, to the meeting of the V. I. L. A. in Norfolk, on October 21st.

It was stated at this meeting that there were at least five salary buyers operating here.

The question of advertising in newspapers was also discussed and it was suggested that members advertising loans from $10.00 to $300.00 discontinue same and in place use the words "Loans up to $300.00." The reason for this, it was pointed out, was because there were so many members that do not make loans so small as $10 and others who may make small loans. However, it was agreed by all that there was certainly no profit in loans at those figures.

The members present, after considerable discussion, agreed to have a luncheon on the second Thursday in every month, from one to two-thirty P. M. at the Chamber of Commerce, during which time the exchange and other matters of interest will be discussed. The first meeting of this nature will be held at the Chamber on November 11, 1926, at 1:00 P. M.

Mr. Pope appointed a committee consisting of Messrs. Brice and Biel to interview Mr. Clarke, Secretary of the Retail Merchants Association, in an effort to have him install our exchange bureau and operate same in connection with the Retail Merchants Association.

It was pointed out that if it is possible to have Mr. Clarke operate our exchange for us, we would be able to secure several new members.

Mr. Brice of the Beneficial Small Loan Society, brought up the question of whether or not it would be advisable in clearing applications to clear rechecks as well as new loans, and it was decided that in the future to clear all applications whether or not they were new loans or rechecks. There being no further business meeting adjourned.

Norfolk.—Mr. Minor reported Clearing House working satisfactorily and all members coöperating. All V. I. L. A.

members in Norfolk are members of the Retail Merchant's Association.

Lynchburg.—No report—Mr. Hillman absent.

Roanoke.—No report—Mr. Price absent.

Mr. Pope, delegate to the National Convention, made a very interesting report.

UNFINISHED BUSINESS

The resignation of Mr. Appleby's offices were declined and Mr. Moore appointed a committee to write and try to get him lined up as he needs us and we need him.

Mr. Pope reported that the Cobb Case brief had been filed and the opposing counsel had also filed brief. The hearing of this case has not yet been set. If the case is to be argued Mr. Hubacheck will be called in.

Mr. Pope did not seem to think that this case will go to higher courts if the defendant loses, as he has given bond sufficient to cover the principal and interest of all the companies having claims.

UNIFORM SMALL LOAN PAPERS

The Uniform Small Loan papers came up for discussion and on motion by Mr. Porter, seconded by Mr. Bradshaw, they were unanimously adopted as drawn by Mr. Moss, of Philadelphia, and Mr. Watts of New York.

NEW BUSINESS

Additional Members of Law Committee.—On motion of Mr. Moore, properly seconded, Mr. Mattingly and Mrs. S. B. Appleby were unanimously elected to this committee. Mr. Appleby is requested to serve personally if it is possible for him to do so. If impossible for him to serve personally, any member of his organization whom he wishes to appoint, can act in his place on this committee.

All members were asked to ascertain the name of all companies doing business in their respective towns and cities who are salary buyers, and to get the name of the company, name of owners or officers of the company, and when possible, to find out under what law they are operating.

The next meeting will be held in Richmond, Va., the time and place to be selected by the Executive Committee.

HARRY M. FENNER,
Acting Secretary.

COMMUNICATIONS

ATLANTA, GA., Oct. 27, 1926.

Dear Mr. Kehr:

Thought possibly you would be interested in the progress made here in Atlanta towards the liquidation of frozen accounts. It has progressed so far that three of the prominent merchants of Atlanta are now trying to put over a coöperative loan bank to handle just such paper. A charter has been obtained and a plan has passed the Blue Sky Commission and they are now taking subscriptions from the various merchants. There is no doubt in my mind but that this will certainly cut down the number of bankruptcies in individual cases from fifty to seventy-five per cent. It is a great scheme and the keynote to the whole thing is coöperation among the various credit givers.

Very respectfully,
A. B. MADISON.

EXTRACT FROM LETTER RECEIVED BY LEON HENDERSON, DIRECTOR OF THE DEPARTMENT OF REMEDIAL LOANS OF THE RUSSELL SAGE FOUNDATION, FROM A PENNSYLVANIA RAILROAD EMPLOYE IN JERSEY CITY.

"The only action that is being taken now is by this man Rapfogel, from the Bergen Purchasing Co. He tries it out on the womenfolks. Threatening them with the Law, and using abusive language to them. Switchmen L. S. —— I have in mind now. Rapfogel called at his home, and his mother answered the door. After talking nicely for awhile, he became abusive, and told Mrs. S—— what a low down bum her son was, and a lot more of the same. But he received a shock. Lester's brother had just returned from work and he woke him up with the loud talk. He, right in his underwear, threw Rapfogel off the porch, and kept hitting him until he jumped into his car at the curb. When safe in the car he yelled 'I'll have the law on you.' I would sure liked to have been there."

LENDERS HOLD MEETING HERE

More Than 100 Representatives of Loan Concerns in State Come Together

More than 100 delegates from 50 cities throughout the state of Indiana met yesterday at the Deming Hotel to attend the sixth annual Managers' Convention of the Industrial Lenders' Association of Indiana.

Among the important speakers to address the convention was Elmer Johnson, supervisor of the industrial loan department of Indiana, who spoke at the morning session on the subject, "Administration of the Small Loan Law." Other speakers of note were Congressman Noble Johnson, State Representative-elect Robert E. Worley, State Senator-elect Dr. John H. Hewitt, State Representative-elect Clara Mason and State Representative-elect John W. Chamberlain, all of Terre Haute.

BLUMBERG PRESIDES

The morning session of the convention started promptly at 9 o'clock in the Hoosier Nook Room at the hotel, being in charge of Ben Blumberg, president of the local association, due to the late arrival of State President F. L. Thompson, of Shelbyville. The minutes of the previous meeting were read by Secretary R. F. Hartz, of Indianapolis, followed by a report from the Membership Committee by Chairman H. H. Burrell, of South Bend. This report showed that a number of new members had been added to the list.

The delegates to the National Convention, W. S. Swank, of Crawfordsville and E. E. Cheneworth, of Portland, gave a detailed account of the meeting of the National Association, explaining what the national body is accomplishing and the future aims of the association as well.

EXPLAINS LAW'S EFFECT

In his address on "Administration of the Small Loan Law," which was the principal speech of the morning, Elmer Johnson, of Indianapolis gave an interpretation of the law as it effects the loan companies throughout the country. He also gave a number of interesting an entertaining examples of money lendin before the law came into effect throug the efforts of the Russell Sage Founda tion.

President Ben Blumberg, of the loca Association also was toastmaster at th noon luncheon in the hotel ball roon where plates were laid for 101 person Music during the meal was furnished b the Hoosier Ensemble and the Conro College Quartet, from Conroe, Tex.

Following the meal, George A. Schaa president of the Terre Haute Chambe of Commerce, was introduced, giving a address of welcome to the visiting dele gates. The response for the visitors cam from C. H. Stratton, of Sullivan.

Among the entertaining features of th convention was the program of Alber Hoffmeister, of Indianapolis, noted "soa box peddler," who proved to be a popula entertainer and singer. Jimmy Trimble of Terre Haute, also proved a source o humorous entertainment in his chal talk.

The afternoon session was taken u with a series of round table talks b managers on subjects pertaining to th loan business. The convention adjourne at 4 o'clock.—*Terre Haute Star, Oc 18, 1926.*

LOAN SHARKS PREY ON UNFORTUNATES

The "salary buyers" activities come t the attention of this office from time t time. They are a phase of the loan busi ness which is extremely insidious to th needy employe and very profitable to th loan sharks.

The man who is "hard up" turns t almost any means of obtaining money fo his immediate use. The "salary buyer offers to buy a portion or all of hi future wages for a certain period of time Once the victim has fallen into his tra he finds he is unable to pay the principa at the time it is due and has to mak continued renewals for which he i charged a high rate of interest. Th company presses him for payment fron time to time with threats of garnishmen which would probably cost him the los of his job. The interest charges ru from 240% per year up.

This process of "bleeding" the neces sitous borrower is being worked on a national scale. These activities are bein fought by the Russell Sage Foundation legitimate loan companies, and Bette Business Bureaus throughout the country The Michigan Short Term Loan Act now in effect, was especially prepared t take care of the situation. Detection i rendered difficult by pride and fear Several Detroit employers are coöperat ing to protect their employes.—*Detroi Bulletin—Better Business Bureau, Oct 1926.*

INSTEAD OF USURY

Two years ago, when the baby arrived Herbert Whaley, a boiler-maker of In dianapolis, borrowed twenty dollars t pay the doctor. Lately, when the sherif raided loan shark establishments, it wa learned that Whaley had paid back $12 on that twenty-dollar loan.

In a series of recent investigations a Toledo it was found that loan companie were charging railroad workers as muc as 240 per cent on small loans.

The men who charge usurious rates are despicable crew. But it is useless merely to fine, imprison or ostracize a new crop of loan sharks. They should be punished for the evil they do, but we must remember that they, and sometimes they alone, are willing to lend money to the poor.

No lasting good results from merely prosecuting usurers. Decent methods of meeting the emergencies of salaried people ought to be provided everywhere.

The best method so far devised is the Credit Union. Every company which employs large groups of men and women should encourage the organization of these coöperative loan societies.

Through such bodies wage earners and salaried employees are enabled to meet the sudden emergencies of life without mortgaging their entire future.—*Collier's, Oct. 25, 1926.*

HARD BLOW STRUCK AT FIRMS MAKING "HIGH INTEREST"

Commonwealth's Attorney R. Kent Spiller Gives Out Statement

Negotiations were concluded this morning which struck perhaps a deathblow to the 240 per cent interest companies that have been operating here.

Commonwealth's Attorney R. Kent Spiller gave out a statement in connection with these cases, which have aroused considerable interest in many circles.

He said that in the first place "we have a statute in the State of Virginia that where persons lose money by unlawful actions of this kind, that the criminal prosecution may be stopped by the person injured filing a written statement showing that he has received full satisfaction. In these cases the injured parties that had brought the warrants by counsel, filed such notice, stopping the prosecution of nine warrants, and leaving one warrant charging a violation of the statute to be prosecuted.

"The companies have agreed to pay back to the customers surplus interest for one year, cancel all orders on time and to make other adjustments, to be figured back for a year."

GIVES EXAMPLES

He added that where the laborer borrowed $20 has paid $4 per month interest for one year, for example, August 15, 1925, to August 15, 1926, or $48 interest, then take the $20 from the amount of $48, and the company agrees to refund $28, and where the case is the reverse and the interest does not amount to as much as the principal, then the borrower is to pay the amount he borrowed, less the amount of interest he has paid during the year.

"And," he continued, "on that the cases were remanded, on motion of the counsel for the men who had brought the complaints, to the Police Justice, and a fine of $100 entered in one case, with nine cases dismissed, with costs to the defendants, as was their right by law.

"This does not in any way effect any civil actions that parties injured care to bring against these usurious operators and does not preclude further prosecution of owners, employers and agents of concerns in case they should continue business under the 240 per cent interest scheme.

"The principal object of the prosecutions was to rid the city of Roanoke of such illegal operators and the city stands ready to prosecute any further violations of the law when brought to the attention of the Commonwealth's Attorney, as it is agreed with the companies operating that they cease operations under the 240 per cent interest basis, and such of them as desire to take out licenses under the Small Loan Act, which permits 3½ per cent interest a month.

"It is understood that the fines and costs in all the cases have been paid."—*Roanoke World News, Oct. 29, 1926.*

NEW MEMBERS

Add these to your 1925 Year Book Directory:

Personal Finance Co., 24 W. Lawrence St., Pontiac, Mich.

Provident Loan Association, 312 Guthrie Bldg., Paducah, Ky.

Ideal Financing Assn., Inc., 983 Main St., Hartford, Conn.

Ideal Financing Assn., Inc., 333 Washington St., Boston, Mass.

Ideal Financing Assn., Inc., 142 Main St., Brockton, Mass.

Ideal Financing Assn., Inc., 418 Main St., Worcester, Mass.

Ideal Financing Assn., Inc., 1490 Main St., Springfield, Mass.

The Clark Loan Co., 413 Amoskeag Bank Bldg., Manchester, N. H.

The Ohio Loan Co., 828 B. F. Keith Bldg., Cleveland, O.

Legal Loan Co., 421½ S. Main St., Elkhart, Ind.

Legal Loan Co., 105 W. Jefferson Blvd., South Bend, Ind.

New England Equity Corp., 4665 Frankford Ave., Philadelphia, Pa.

New England Equity Corp., 929 Chestnut St., Philadelphia, Pa.

New England Equity Corp., 9 N. 52d St., Philadelphia, Pa.

New England Equity Corp., 1205 Broadway, Camden, N. J.

Public Loan Co., 219½ S. Main St., Clinton, Ind.

Public Loan Co., 301 McKeen Bld., Terre Haute, Ind.

City Finance Co., Lewis Arcade Bldg., Huntington, W. Va.

Industrial Loan Co., 401 First Natl. Bk. Bldg., Ironton, O.

ANNUAL DIVIDENDS

Wall Street, meaning the general investment public cheers lustily when some poor fish who owns railroad stocks gets his dividend raised from 6 to 7 per cent.

Even a crust may be a banquet for a beggar. Nobody seems to take notice when owners of bank stocks get a boost in dividends.

Yet compared to Philadelphia bank shares, our proudest railroads are only skimmed milk beside double cream.

Our trust companies are State controlled and those in the Federal Reserve system nationally controlled. But just see what our Philadelphia trust companies do for their owners:

Twenty-six of them pay annual dividends running from 8 to 18 per cent.

Sixteen others pay dividends from 18 to 40 per cent.

Railroad rates are the target for much political bunk, yet the public seems not to wince at bank profits, which also come from the public.—*Philadelphia Inquirer, October 29, 1926.*

IS INSTALLMENT SELLING BEING OVERDONE?

BY EDWARD M. STEIMLE

The negative side of a debate held at the joint meeting of the Wholesale and Retail Credit Men's Association, Atlanta Athletic Club, November 9, 1926.

This subject of Installment Selling is one of the perplexing problems of the day. It has been discussed and analyzed by bankers, professors, sociologists practically all lines of business have, at least, had this subject in one form or another under consideration. Numerous articles have been published by the best magazines of the country.

According to statistics quoted by Mr. Babson July 5, 1926, there are 42,748,000 adult wage earners in the United States. Eighty-seven per cent of these or 37,200,000 have incomes that do not exceed $2,000 per year. If this is true, the mercantile world is faced with the situation of caring and providing a way for this vast majority of people to live comfortable, happy and enjoy not only the necessities of life but such other articles that contributes to the family welfare. The United States Government averages three to the family. Let us average the above income of $2,000 per year at the monthly income of $166.66. Family budgets must be arranged first for the food, one of the commodities that has not yet reached the point of installment selling, if you remove the installment selling where will this family obtain the other commodities beside food, it is obvious that they must resort to the installment buying—this is where the installment selling provides an avenue for the welfare of the family to live in comfort, happiness and peace. With a well regulated budget this family (the average above set out) can furnish a home neat and comfortable on the installment plan and enjoy the articles purchased by the installment selling while paying without and hardship, but if this family must wait for cash when would they reach to the point to obtain the furnishing of the home and such other articles of comfort and convenience as is found in these homes? The answer echoes never. The greatest mistake we credit men make is associating installment selling with going in debt. Debt is that stage a man reaches when he is unable to pay. Installment paying is a cash transaction extended into several payments; for illustration a man buys an article for $100, paying $10.00 down and $10.00 per month it simply means this, that this man pays cash, $10.00 and *each month* he *pays* $10.00 therefore each payment is a cash transaction, *cash* because the payments are not due and are 30 days apart, the only difference is that he is charged the carrying charges for the deferred payments, in other words he borrows $100.00 worth of merchandise for a period of ten months and pays the difference between the cash price and the installment price for the use of the article for a period of ten months and then the article is his. Does not the merchant borrow from the bank for a period of time, and pay the bank for the money, for the period used? Out of the installment selling grew the great institution with which I am connected, the lending of money on the installment plan. I could relate to you if I had the time, of thousands of instances where the average man above referred to had several accounts distributed in various merchants

balances left from installment purchases. Sickness and the temporary closing down of some industry, caused him to face a situation of losing his credit standing and the merchant of having to wait for his money, we are organized for this very purpose. We sell this man money on the installment plan. What are the results? The man's credit is established and every one is happy and contented. Remove this legitimate medium of installment selling and you will face deprivation, hardship, unrest and unhappiness. A great philosopher of life has said, any service that returns, comfort, peace and happiness well earns its reward. Just so long as the installment selling is kept upon this standard of service and in a legitimate manner it is a great benefactor to 37,200,000 of our working people and their families.

The great current of installment selling which has been rushing forward taking in its path practically every line of business cannot be turned aside. It is here to stay and will increase from year to year. I predict, that we will look back to the year 1926 and smile at our seeming concern. It can be guided, however, and kept from becoming destructive by proper application and I am *convinced* that this is one of our first duties as owners, credit managers assistants and employees to encourage and practice. No one will deny that credit men have a good knowledge of credits, possibly not to the extent of some of the larger lines but to the extent that we are qualified to assist in educating the public to the advantages and disadvantages of credit buying, and by disadvantages I mean the customer who has not sufficient visible means of income to meet the weekly or monthly payment required for the merchandise or loan he desires with out great hardship to himself and family. When the credit man contacts such a customer it is his duty there and then to do some educational work, rather than grant him credit beyond his ability to pay. This is the part that the credit man must perform to place the installment selling on a sound basis.

We have enjoyed during the past ten years with the exception of 1920 and 1921, a period of great prosperity and development. Much progress has been made during this period, the standard of living has been raised in all walks of life, expenses and salaries have been increased, and the majority of American people believe in enjoying prosperity. What the neighbor or the Jones and Smiths possess, likewise we want and in many instances go them one better. These conditions have in no small degree contributed to this prosperity. It created a demand for better commodities, which naturally created the demand for production and from these, the demand for finances developed and the different forms of installment selling is the result.

What relation does the manufacturer and sales organizations who borrow from the banks for thirty, sixty, ninety days and even longer bear to the installment buyer? Isn't this a pledge to future income? Isn't it sound business?

Borrowed money is a pledge against future earnings, therefore, there is no difference between the installment buyer who pledges his future income for material things in life, which he considers a necessity, promoting happiness and contentment, and the manufacturer who pledges his future income to promote business, the primary reason for increased business is increased income for his personal benefit. If a manufacturer gets credit beyond his ability to pay, the results are the same as the installment buyer who goes beyond his ability to pay. Installment *selling then becomes a menace.*

As an illustration. If the old fashioned idea of paying cash or do without prevailed to-day, a family in moderate or even poor circumstances have a member of the family ill or bedridden and the family while able to buy a radio on the installment plan could not save the cash, and if they could, the person who was ill might die in the meantime. Instead of the ill person being tortured by lonely hours they are made more cheerful and happy which goes a long way toward their recovery.

Each of us know how difficult it is to convince the great majority of people that men in active pursuit of life have an altruistic motive. I am happy to say that I do not feel that way. If such were the case, we would not have the large industries today employing thousands of men and women contributing to our Nation's wealth from year to year. The successful business is built upon service to others and when this is developed to its fullest extent, then these men must have an altruistic spirit. Installment selling can be handled in the same manner. If credits are granted because they render a service, then the fundamentals have been adhered to, but when credit is granted without any thought of to-morrow or what the results will be to the creditor, *then I say to you, gentlemen, that it is a menace and cannot succeed.*

I know some people go blindly along buying without any regard to the future, but they are, I am happy to say, in the small minority, and it is right here where we credit grantors can do some excellent educational work and be of most assistance.

In former years we were told not to buy on credit but, as stated before that was the old order of things. The young married couple of the past generation lived with their parents for a year or two or until they had accumulated sufficient to start housekeeping. Not so today. They are married to-day, house furnished and ready for their evening meal in their own home. *How do they do it? On the installment plan, of course.* It makes them independent, creates initiative and brings to the surface the good that is in them. Has this country suffered any of late years and since this installment plan of merchandising has been in vogue? No, we have become more prosperous from year to year until the United States is the richest nation in the world, in gold, contentment and happiness.

Let us analyze some of the purposes of installment selling and see if the principle is sound or being overdone. Over sixty years ago, *Collier's* sold books on the installment plan, consequently many a home has a library and intellectual knowledge that otherwise they would not possess.

Insurance is sold on the weekly, semi-monthly and monthly, quarterly and yearly payment plan. You know what the results are. Many a home has been saved, many an aged mother and father have been able to live the balance of their lives in comfort and many a child has been able to complete his or her education fitting them to take their place in th world the equal of others because insu ance was sold on the installment pla Homes have been purchased on the in stallment plan. It is said that a hom owner makes a better and more substan tial citizen. I would like to add here tha the institution I represent has made it pos sible in hundreds of cases to make th buying of a home possible because w loaned the money for the initial pay ment, repayable in small monthly pay ments. These same homes were furnishe by the method of time payments and th contributes to the happiness of the hom Sewing machines, electrical appliance gas and electric stoves are a moder product and assist materially in makin housekeeping more easy and convenien These are obtainable by the deferred pay ment plan that *otherwise would be de nied leaving the 87% of the wage earner keeping house as primitive and crude i this modern day as they did sixty year ago. Installment selling and buying i not fundamentally wrong and it is no being overdone;* for the great majority o the people can be trusted *not to buy* mor than *they can pay for,* even though th credit man is over zealous to increas sales.

The family budget grew out of the in stallment selling business. You older me can remember the time when there wa no such thing as a family budget, th very idea of a family budget infers a installment arrangement and makes thrif a certain amount is pro-rated for eac item of expense and one of these is deb After the average family furnishes the homes the amount set aside for that pur pose finds its way into our saving bank This has been accomplished because the have kept check upon their standard o living.

A large percentage of the people nee education on this subject and this is on of the features of the organization tha I am affiliated with, we teach the famil to live within the family budget. That the reason why we make only such loan as benefit the family.

I recommend for safety purposes tha the installments should not exceed 15% of ones income leaving the other 85% fo absolute necessities.

The argument that installment sellin increases the cost of merchandise will no stand the search light of service. Ther is no vital difference between the ma who buys on the installment plan an pays the additional cost as the merchan who borrows at the bank. The *cas buyer* pays for the merchants loan at th bank. The installment buyer pays th merchant for carrying his account. Th percentage is the same. Installment sel ing has increased the cost of productio The increased production has increase labor, therefore, the benefit has bee mutual.

The expansion of the installment bus ness has to a large degree assisted i making conditions more prosperous espe cially has this been so in the last fou years. The volume and employmen larger, the national income and standar of living higher than would have bee the case without our system of instal ment selling.

A great argument is made that the in stallment selling encourages overloadin This is not the fault of the installmen selling but of the credit man who over loads on the theory that he is a bette

collector than the other fellow. It is time that we stop, take invoice of ourselves to see where we stand.

The old phrase of a dollar down and a bailiff a week has no part in our legitimate business. Like every business the installment business has its legitimate sellers and its illegitimate sellers. We have it in our business, the *illegitimate money lender, the notorious Loan Shark, who I am glad to say is now being run out of existence in every community of this great nation of ours.* So will the installment selling business have to clean house and run out of business the illegitimate installment seller who's only purpose is to gouge the working man. Instead of being a help, is a menace.

Pardon me for this reference but it is so vital to the question in debate that I wish to state.

The Industrial Lenders Institution operating under the Uniform Small Loan Act, which is in effect in 22 states of the Union, this Empire State of Georgia being one, all of whom are engaged in the business of lending money on the installment paying plan, selling money rather than merchandise these loans are repayable in small monthly payments. There is approximately $200,000,000 sold annually that finds its way into the treasury of the merchant by reason of these loans being made to the wage earner. I am proud to say that this is one phase of the installment selling business that renders the greatest service because, as Governor Cox, of Ohio said, "It is the poor man who when he needs money needs it worst." This institution supervised by the Banking Department as like organizations of the various states.

These loans aggregating $200,000,000 are made to the following class Civil servants both Federal and State, clerks, secretaries, stenographers, book-keepers, accountants, salesmen, agents, factory workers, tailors, merchants, mechanics, artisans, telegraph workers, operators, conductors, motormen, railroad employees and a great miscellaneous class of wage earners.

The cause for seeking small loans were principally, sickness, death, to buy homes, to meet interest on principal, on mortgage, to pay taxes, educational purposes and *debts.*

I refer to this to show that I know absolutely that the installment selling of money is not overdone but has been the greatest benefit to the wage earner that has come to him through legitimate channels in this generation.

In Summing Up

Thus we see that the installment selling provides for 87% of the wage earners whose salaries do not exceed $2,000.00 per year. It provides necessities and comforts of life, it does this without hardship. It creates thrift, it regulates family budgets. It provides a channel for the wage earner to accumulate property that he otherwise would not. It makes him independent. It establishes him on a sound credit basis. It increases labor. It increases the production of commodities which in itself increases labor. It renders needed service to 87% of the American people. It turns despair into hope. It makes life comfortable and happy. It opens the door to opportunity. It turns the wheels of many industries that would otherwise be silent. It has helped to build this great nation and brought to it great prosperity. It has built cities and municipalities. It has turned the little store around the corner into a department emporium. It has accumulated billions of dollars into banks that otherwise would have been wasted. It has brought sunshine where darkness existed. It has brought happiness in abundance where sorrow dwelt. It has turned sickness into health. It has turned the country roads into boulevards and it is here to stay.

I hope every one is just as optimistic about the installment selling business as the man who jumped off the Woolworth Building in New York. As he was passing the twentieth story a man looked out and said, "How are you?" "All right so far." So it is with installment selling. The installment selling as I view it is all right so far and is not being overdone.

I Thank You.

WEST VIRGINIA

The fall business meeting and banquet of the West Virginia Association was held in Huntington, at the Hotel Pritchard, Thursday, October 7th.

Chairman H. L. White called the meeting to order promptly at 10:00 o'clock, beginning with a report on the National Convention by Sam Wormser, which was ably given and well received.

National Chairman, Wm. Young delivered a short but convincing address on the importance of securing more members to both the State and National bodies. This association feels that it has been highly honored in having a National Chairman present, and Mr. Young

To All Industrial Lenders and Their Associates

Christmas Greetings 1926

The close of 1926 finds the Industrial Lenders Technical Institute with the largest enrolment of any month in its history, our great family of enthusiastic students residing in twenty-six states. It is, therefore, with special pleasure, that we extend our heartiest Christmas greetings to the men and women who are daily studying to make the New Year a period of assured prosperity, and to extend the same cordial good wishes to all industrial lenders throughout the United States. The Industrial Lenders Technical Institute feels a deep sense of gratification that it is fitting so many industrial lenders and their associates to carry forward their daily work with greater success. To many of our students the year 1927 will bring forth promotion to increased responsibility which never could have been obtained except by fitness to assume the duties of a higher position. In this day of specialization it is the man who knows, and who knows he knows, to whom executive positions come without seeking. To all who have been invited to enrol with the Industrial Lenders Technical Institute, but who up to this time have delayed sending in their application, we call attention to the fact that the most progressive, the most successful industrial lenders of the United States, irrespective of private or company affiliation, are students of the Institute. These men are the present or future Captains of a great business. You could make no better Christmas gift to yourself, or to your employees, than to enrol in the Institute for 1927.

INDUSTRIAL LENDERS TECHNICAL INSTITUTE

468 Fourth Avenue, New York City

very plainly showed that he was keenly interested in the affairs of this association.

The following members were elected for the Executive Committee: Lloyd Rice, R. L. Bibby, H. L. White, C. E. DeLotell, W. B. Grimes, Sam Wormser and W. P. Gore.

Officers for the ensuing year are, Sam Wormser, Chairman, H. L. White, Vice-Chairman, W. P. Gore, Treasurer, Wm. B. Grimes, Secretary.

At the afternoon session several very interesting and well prepared papers were read, after which the meeting was given over to general discussion. Many important points pertaining to the functions of the business in general were brought out by C. G. Liggett of Dayton, Ohio and T. M. Kauffman of Indianapolis.

Following the afternoon session the members and guests enjoyed a splendid banquet which was well attended. The banquet closed with an address by the Mayor of Huntington, and National Chairman Wm. Young. The remainder of the evening was given over to dancing and a general good time was enjoyed by all present.

WM. B. GRIMES, *Secretary.*

LAWYERS NOTE

The case reported on the first page of our November issue under the caption "Loan Company Halted by Injunction in Attempt to Garnishee Client's Wages" came before the Court of Common Pleas, Hamilton County, Ohio, Asa Ferris Plaintiff, vs. Union Purchasing Co. defendant, Roettinger, J. No. 201, 206 memorandum opinion. Any who may be interested further in the case, can get full details by referring to the above reference.

ADDRESSES WANTED

James Baxter, formerly of Portland, Maine and North Conway, N. H., reported in Detroit, Mich. Maurice R. Hamilton of Portland, Maine, once reported at Hyde Park, Mass., and now said to be in Florida.

If either or both of the above mentioned persons are located, please notify Beneficial Loan Society, 443 Congress St., Portland, Maine.

OHIO

O. I. L. A. BULLETIN No. 14.

The Executive Board hereby calls a special meeting for Wednesday, Dec. 1, 1926, at 10 o'clock A. M. Eastern Standard time at *The Neil House*, Columbus, Ohio. *This is an important meeting.* The purpose thereof is for the determination of our policy in reference to legislative matters affecting our business, and especially to discuss and decide the question of a limitation on the size of loans.

COL. D. H. POND, *Pres.*,
J. FRED ANDERSON, *Sec'y.*

INDIANA

We are advised that the assets of the Welfare Loan Society at Anderson, Indiana, have been purchased by the Anderson Chattel Loan Company, and that the business is now being conducted under the latter name.

MEETING SCHEDULE

NEW JERSEY—Jersey City, December 9.

RHODE ISLAND—Providence, December 16.

CONNECTICUT—New Haven, January 19.

VIRGINIA—Richmond, January 20.

MASSACHUSETTS—Boston, January 26.

ILLINOIS—Chicago, January 28.

PENNSYLVANIA—Pittsburgh, January.

MICHIGAN—Jackson, April 21.

TENNESEE—Memphis, May.

NEW YORK CITY COLLECTIONS

Members having accounts in New York City may like to try the services of Henry Salant, Attorney and Counsellor-at-Law, Potter Building, 28 Park Row, New York City. He has rendered satisfactory service to some of our members on the following basis: 50% of any amount collected and no fee if there are no results. In other words, his charges are on a purely contingent fee basis. As New York Laws prohibit an attorney from advancing disbursements in consideration of getting business, and since the Appellate Division has recently intimated in a decision that these rules with reference to attorneys will be drastically enforced, it will be necessary for the client to advance the disbursements, which in the case of industrial loans never exceed $5.00 and most often are less.

LEGISLATION

Next month practically two-thirds of the state legislatures convene. From that time until adjournment is taken it will be a busy time for the chairman of our National Legislative Committee, L. C. Harbison, 360 North Michigan Ave., Chicago. It is his desire that some responsible person be appointed in each state where we have members who will keep him closely posted on all legislation affecting our business in each state.

If your state has not yet made such an appointment, the matter should be attended to at once.

NEW JERSEY

The State Department of Banking and Insurance of New Jersey has opened offices at 514 Industrial Office Building, 1060 Broad Street, Newark, and will be in charge of Deputy Commissioner James H. McNish.

This is an addition to the office of the department at the Capitol at Trenton. This may be of interest to the New Jersey members and others outside the state having business with the department.

FOR SALE

A 3% per month Meilick loan office time and interest calculator. This calculator is as good as new. Price $20.—Capitol Loan Co., 201 First National Bank Bldg., Shelbyville, Indiana.

Published for the men who are busy broadcasting for business.

Yes Sir, Here We Are.

Well, folks, we're in! Thought perhaps our advertising wouldn't be accepted But Mr. Kehr, himself, says that this little column is going to double his circulation. Boy, page his doctor!

That's the Purpose!

We're looking for a job. Always did want to be a columnist. Maybe George will put us on the pay roll.

Not So Easy.

A columnist sure gets things falling his way. You know what happened to Samson. I can see his picture yet—holding on to the marble columns as the building dropped around his ears.

That's Right!

But, no, in his day they called them pillars.

Would You?

I suppose you would call a *drug clerk* a pillerist, these days.
But most fellows would call him "Al"—just after a visit to their doctors.

Just to Test It Out.

You know, I don't believe that more than one-half of one per cent of the Industrial Lenders of the U. S. A. will read this column clear through!

I'll Tell You What I'll Do!

If you have been brave enough to read this thing—just drop me a line and I'll send you one of the best cigars you ever smoked.
NOTE: This doesn't count if you started at the bottom.

What'll I Do! What'll I Do! WHAT Will I DO

—if this ad pulls 100%. All right, boys the smoke's on me. Throw up a screen that'll hide the moon.

P. S.—Oh yes, I forgot! We print millions of folders for Small Loan Companies, everywhere. *Write for samples.* We can save you money.

A. N. Winter

N. A. WINTER

Industrial Lenders Advertising Helps

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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. XI, No. 7. JANUARY, 1927. Price, $1.00 a year.

Reprinted from the American Bankers Association Journal, December, 1926.

WHAT'S BECOME OF THE LOAN SHARK?

By Leon Henderson,
Director, Division of Remedial Loans, Russell Sage Foundation

Battle-Scarred, the Veteran Campaigners Merely Change Theater of Operations. Driven Out of 21 States by Inducing Private Capital to Meet Credit Needs of People at Extra-Banking Rates. Development of Small Loan and Industrial Banking Business.

What has become of the loan shark? Twenty years ago the first pages of tropolitan dailies blazed with touch- recitals of human misery worked by heartless mercenaries who preyed on necessitous borrowers. One of the liest cinemas depicted the suffering ought by "The Usurer's Grip." eekly publications having national dis- ution printed stories based on actual estigations showing that the operations these slick and flint-hearted preda- ies were not centered in a few cities, were so widely scattered over the ntry as to constitute a real and ugly blem in every community. "Loan rk" became an American by-word. He s regarded as a national menace. Out- nding public men denounced his prac- s and demanded that something be e to curb him. Legislators were dded by public opinion to pass reme- l legislation. Of late, however, we e heard very little of the loan shark, this should not be taken to mean that has disappeared, or that the need of surprisingly large group of our popu- on for small emergency loans has be- e less acute.

The loan shark is still with us, battle- rred, but a veteran campaigner, one o has aped the successful methods of dern business and profited from its erience. He has merely changed the ater of his operations. Since 1916, en the first eastern industrial state pted adequate small loan legislation, frontier has been gradually pushed tward and southward as other states into line. Now, with headquarters in anta, Cincinnati, Chicago, Milwaukee other cities on the outer edge of al territory," he flings his efficient n of loan offices to the industrial s of the West, for the loan shark is asitic to city growth.

n these cities the loan shark operates ost as unmolested as the corner er. He defies not only the statute but economic law as well. Eco- ics links profit with risk, but the tality rate of the exceedingly profit- able loan shark businesses is almost negligible.

The loan shark thrives lustily in Birmingham, New Orleans, St. Louis, Kansas City, Minneapolis, St. Paul, Louisville, Seattle, Los Angeles, and San Francisco—to mention only a few of the largest centers. He is part and parcel of the wage earner's life in the industrial cities of the Carolinas, Mississippi, Texas and, to a lesser extent, in all states west of the Mississippi, except Iowa, Oregon, Utah and Arizona. Oklahoma City has ninety loan sharks. In St. Louis 40,000 persons are paying tribute to the high-rate lender. One industrial banking company in Birmingham kept record in 1925 of loans extended to pay off loan sharks' accounts, and was amazed to find that it totaled $100,000.

The Shylock of yesteryear was a piker compared to his 1926 prototype. Shakespeare would present this famous character in modern clothes as a suave promoter, who retains a corps of legal counsel, auditors, expert advisors and high-pressure salesmen to secure "other people's money" for his working capital.

Exterminated in 21 States

How was the loan shark exterminated in 21 states, and what social change accompanied his passing?

Legitimate business is the answer. The loan shark has been curbed not by repression and prosecution, but by inducing private, decent capital to meet the legitimate credit needs of the average citizen. Small loan laws now recognize that the ugly problem can best be solved by permitting an extra banking rate, sometimes as high as 3½ per cent per month, to cover the actual cost of making small loans at a profit comparable to that found by capital in other decent enterprises.

In 1907 the Russell Sage Foundation, as a part of its program for the improvement of social and living conditions, began its search for a remedy for the social menace of the loan shark. In 1916 it drafted the Uniform Small Loan Law, which is in effect, in whole or in part, in twenty-one states. The law represents the findings and experience of many years. It recognizes that needy persons must have credit, and that private enterprise, rather than philanthropy, should supply the demand, under proper protection to the borrower.

The law, in its protective provisions, is almost a dictionary of the evasions used by loan sharks to fleece the borrower. It forbids the fees, disguised purchases, concealed discounts, etc., by which the lender once took his toll. It requires the lender to give receipts and return notes, and to inform the borrower as to exact nature of his dealings.

It limits loans to $300 and permits supervised licensees to charge 3½ per cent monthly interest on unpaid balances.

At first the loan shark tried to evade the law, sometimes by mail-order or interstate business, selling indorsements, pretended purchases, etc., but enforcement of the law no longer rested with the borrower. A new agency, the State Department of Banking, prosecuted the cases and action was swift and effective.

An example of this effectiveness is now in progress.

In Atlanta are the headquarters of the Big Four, a clique of unscrupulous loan sharks that has strung its chain of loan offices throughout the country, avoiding only states in New England and on the Pacific coast. These sharks purport to "buy" earned wages of workingmen, principally railroad employees, at a discount rate of 10 per cent until pay day, never more than two weeks distant, and under this flimsy pretense have enmeshed 100,000 railroad men in 200 cities. By giving their loans all the semblance of sales, these usurers temporarily have escaped the penalties accompanying violations of small loan laws, and have left a trail of bribery, corruption, intimidation and distress throughout the land. Some employers, particularly some railroads, unfamiliar with the necessity of small loans, have given the salary buyers a club for enforcement for their usurious

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W. Va.—Sam Wormser, 3rd Ave. and Ninth St., Huntington.

Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

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Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

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Md.—J. Rosenfield, 941 Equitable Bldg., Baltimore.

Mass.—A. C. Frank, 1618 Main St., Springfield.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.

N. H.—Sarah F. French, 413 Amoskeag Bank Bldg., Manchester.

N. J.—V. L. Buchman, 203 E. State St., Trenton.

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Penn.—W. S. Herron, 404 Denckla Bldg., Philadelphia.

R. I.—E. La Gueux, 76 Dorrance St., Providence.

Tenn.—A. Rohm, 204 Mercantile Bldg., Knoxville.

Va.—H. M. Fenner, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

contracts by discharging employees who were garnished for "selling wages." In the states having adequate legislation, the salary purchasing loan shark is being eliminated.

The borrowing habits of the average citizen have undergone amazing change in the states which regulate the lending of small sums. The emergency need for money, a constantly recurring need, can be met in several ways, dependent upon the security which the borrower is able to offer.

Small Loan Business

There are 1,693 licensed small loan companies, usually referred to as "industrial loan companies," available in 409 cities of the twenty-one regulated states. Approximately $95,000,000 working capital was available in 1925 for these loans of sums of $300 or less, and the volume of business was estimated to be $130,000,000, with the average loan varying in different states, but usually being slightly in excess of $110.

Thirteen hundred licensees, distributed over 182 cities with population of 20,000 or over in these states, were available to borrowers who could pledge their furniture. In the entire United States, at the 1920 census, there were but 362 cities with population of 20,000 or more, and one-half of this number had licensed small loan companies. Four hundred companies were located in 130 towns, with population less than 20,000.

Approximately 400 of the 1,700 licensed companies are owned by chain organizations, 1,300 being owned by independent local capital. Numbered among the chain organizations are the Beneficial Loan Society, Household Finance Corporation, Community Finance Service, Commonwealth Loan Company, Popular Finance Corporation and the American Loan Company.

Industrial Banking

Perhaps the most astonishing change recently recorded in borrowing habits has been the development and diversification of what has come to be known as industrial banking. First in this field was the Morris Plan companies, which soon had established companies in most of the larger cities. In recent years chains of similar type organizations have expanded their range of territory, and it is not at all uncommon to find units of three or more large chains in thriving industrial cities, and additional local companies patterning their efforts.

Several trust companies, and at least one national bank, now have departments to make these "industrial banking" loans on personal notes, usually secured by indorsement of two or more co-makers, and providing for retirement of the loan by installment payments, usually over a period of a year. Some of these companies finance automobile sales paper, others finance department store purchases. Borrowers of small sums who can offer co-makers for their notes constitute an ever-widening stream, and even cautious bankers are predicting that "personal loan" business will be departmentalized under banking management.

Several banks in New Jersey have installed "personal loan" departments, and the mutual savings banks of Massachusetts are reported to be making loans on the same plan, though somewhat abridged.

Industrial banking does not limit its loans to $300, but often are permitted to loan up to $5,000. Many loans are made for productive purposes to small businesses as well as loans to necessitous borrowers.

Morris Plan Companies

Statistics on industrial banking are not readily available. The Morris Plan companies number 107, with an aggregate capital in excess of $16,000,000. The Wimsett Plan chain leads in number of offices. Other plans are the Trustee System, Hood System, Security System and the Citizen's Systems. The charorganizations are in the majority in the industrial banking field.

Credit unions in Massachusetts and New York make many loans for worthy purposes. These mutual loans associations operate on a plan similar to building and loan associations. Loans are made only to members, who are also shareholders, and co-makers are usually required. Installment repayments are accepted, and the rate of interest is usually 12 per cent on unpaid balances.

Credit unions are ripe for great expansion. Observers have felt that the American temperament is unsuited to mutual loans by coöperative enterprises such as are the customary transactions in Europe, even though the building and loan scheme of real estate loans was mutual and coöperative. Part of the restraint of growth has been due to lack of enabling legislation, which lack is being speedily remedied. Twenty-five states now permit credit unions.

In New York State the credit unions assets as shown by the 1925 report of the Superintendent of Banking were $12,000,000, and further statistics prepared by the Department of Remedial Loans show that the volume of business of the New York credit unions increased 24 per cent in 1924 over 1923, and 25 per cent in 1925 over 1924.

The November, 1926, *Monthly Labor Review* reports 294 credit unions in the United States, with a total membership of 107,779. Three credit unions have assets over $1,000,000.

Small loans play a highly important part in the retail credit transactions of every city. If the city is without small loan agencies that can advance money on the security that wage-earners can offer, all retailers, small and large, suffer accordingly, for the borrower seeks the loan shark, who invariably demands first claim upon wages and exercises intimidating collection methods to which the decent retailer will not stoop. That portion of the flow of wages diverted to the loan shark never reaches the channels of legitimate trade. However, all types of credit agencies encourage householders who are indebted to many retailers to "lump their debts" and borrow money to pay them. By this plan the retailer and professional man receives long-overdue payments.

In some states small loan companies, known usually as "community discount" companies, have been organized to cater particularly to this class of trade, and their success seems to be proof that the debtor is glad to be rid of the annoyance of dunning by many creditors.

Installment selling, with its attendant conditions, sales contract, is responsible for the premium that cash now bears, and incidentally for a portion of the increase in the business of lending small sums. Repossession is always imminent

nd the installment plan purchaser has ecome the customer of the personal loan gency. The report of the State Bank Commissioner of Connecticut for the ear 1925 attributes the increase in num-er of small loan licensees and increase n volume of loans almost entirely to the xtraordinary growth of installment buy-ng. The experience of all loan com-anies is showing that many loans are ought in order to keep up payments on nstallment purchases.

WHY PEOPLE BORROW

Why do people borrow?

This question is often asked of the Department of Remedial Loans.

Ten thousand loans, spread over a ange of seventeen regulated states, were ecently studied. The study showed that ne-third of the 10,000 loans were ob-ined to pay bills already due, one-fourth or current living expenses, such as rent, al and clothing, and 10 per cent for usiness purposes.

Sickness and death caused the majority f the loans, and universally human easons were behind the demand for ractically all loans.

Prior to the advent of the Uniform mall Loan Law every state in the Union ad experimented with legislation de-gned to protect borrowers. Much of is legislation is still part of the statute w of many states. None of it has er been effectively enforced, and the gal portion of our recent survey is re-aling that many of these laws have ver been invoked in any cases of rec-d. One statute has stood half a cen-ry without adjudication, while the loan arks in the state have passed un-olested into millionairdom and sought achieve respectability for their families amusing methods, the telling of which nstitutes an interesting, gossipy story ite unpertinent to this article.

These early laws were derivatives of any theories—principally the theory of ppression and not of regulation. Some ates passed laws affecting all loans, nalizing the charging of interest in cess of legal rates. Other states, not-g that the social problem seemed to volve about chattels or wage assign-nts, prohibited or regulated loans on ch security. Recourse was sought rough the garnishee law and the gen-al business law. Few states learned fore 1900 that the small size of neces-ous loans segregated them for con-lerations, or that a law requiring a rrower to sue for relief from usury as of no value to the wage-earner ose desperate financial needs had iven him to the loan shark.

As late as 1925 the city officials in inston-Salem, N. C., utilized for the st time the severe penal features of e state usury law and cleared the city loan sharks in record time. This rid-nce, however, did not eliminate the ed for credit, and the absence of avail-le capital for small loans, on such se-rity as could be offered by the bor-wers, produced another community elfare problem.

Testimony as to the workability of ws recognizing the lending of small ms as a business to be regulated by ite departments is easily had. Within e past few months the reports of state partments administering the small loan ws in Connecticut and Illinois have commented favorably on this type of regulations, emphasizing the strict law abidance of the licensees and the necessity for such loan agencies.

What hope of relief has the borrower in unregulated states where the loan shark dominates the lending field?

Minnesota, Missouri, and possibly Alabama will consider small loan legislation in the 1927 session of their legislatures. Credit union laws will be offered in five states. Rumors of campaigns in several other states have come to the attention of the Russell Sage Foundation. All along the line, industrial states seem to be seeking legislation that is tried and tested, which will curb the loan shark and supply decent family credit, under decent circumstances, by legitimate enterprise.

USURIOUS LOANS (R. R. Clerk.)

The act of June 4, 1919, amending the act of June 17, 1915, regulating the business of loaning money in sums of $300 or less, fixing rates of interest, requiring licensing of lenders etc., provides:

> Any person, persons, copartnership, association or corporation who shall obtain a license in accordance with the provisions of section one of this act shall be entitled to loan money in sums of $300 or less, either with or without security to individuals pressed by lack of funds to meet immediate necessities, at his, their or its place of business, for which said license is issued and to charge the borrower thereof, for its use or loan, interest at a rate not to exceed three and one-half per centum per month. No fees, fines or other charges, either in addition to or as a part of the above specified interest shall be charged or collected under any pretext whatsoever.

Among other things, the act provides that interest shall not be payable in advance or compounded and shall be computed only on unpaid balances. It also provides that any person borrowing money from any licensee under the act who shall be charged and pay any interest in excess of that prescribed shall be entitled to recover back from the lender by action at law.

Perhaps the concern which you say receives a much greater interest than the law allows is not licensed under the State act. It would be well to make your complaint to the Legal Aid Bureau, Room 587, City Hall, which is making a drive against unprincipled and usurious loan sharks.—*Philadelphia Inquirer.*

PLAYING SQUARE

In every community in America there is at least one individual called a "Shylock" or a "Mortgage Shark." Usually he is a quiet, middle-aged man with tight-fitting lips, and his sin is that he endeavors, for selfish reasons, to make people be honest.

This is not the sin charged against him by the community. The community says he is a crook and a usurer and a penny-pincher and a heartless old swine.

But now consider the matter.

A man needs money—to buy a car or educate a daughter or pay for an operation. The banks won't lend it, since the man can offer no security except his household goods.

The man goes to the local "Shylock." At that time he applies no epithets to the money lender—not one, He does not even think them. He is borrowing another man's money and offering his furniture as security, and it is a cold blooded business proposition. He bets his furniture that he will be able to repay the loan—does it gladly, of his own volition—even pleads for the privilege of doing it.

The months pass and pay-day comes. The man hasn't the money. The "Shylock" must take the furniture and dispose of it as best he can in order to get back his money, an unpleasant and annoying business, and seldom profitable.

Now hear the borrower yell: "Shark! Crook! Robber!"

What he really means is this: "Ouch! He's making me do what I promised to do. He's making me play square against my will. He's going to make me be honest in spite of all I can do! He's going to get his money back, when he ought to be soft-hearted and let me beat him out of it!"

There's your charge. Europe loved us when we lent, and curses us now that we ask our own again. The borrower always feels abused on pay-day.—*Robert Quillen, Philadelphia Bulletin, Dec. 15, 1926.*

CHRISTMAS PARTY

The Beneficial Operating Bureau in New York participated with other Hodson enterprises on the evening of December 23d, in the annual Christmas party and festivities.

The affair was held in the garden of Hotel Martinique. The rooms were appropriately and elaborately decorated and lighted.

After the dinner, addresses were made by Mr. Reichart, Colonel Hodson and C. H. Watts. Mr. Fischer acted as toastmaster.

An orchestra provided music for dancing throughout the evening. A very enjoyable time was had by one hundred and sixty-two of the New York G. H. Q. officers and employees who were present.

YEAR BOOKS

The 1926 Year Book of the A. I. L. A. came from the press last month and complimentary copies were promptly distributed among the members, public libraries, public officials, and legal aid and other welfare organizations throughout the country.

The book contains the full proceedings of the A. I. L. A. convention held in Cleveland in September, together with other information useful to any one interested in the improvement of small loan conditions in America.

Anyone desiring a copy of the book may obtain it by sending a dollar, which only covers the cost of production and mailing, to the National Secretary, George W. Kehr, Box 778, Harrisburg, Pa.

The slogan of the Membership Committees of our State and National organizations is, "Every Licensee a Member in 1927."

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A NEW FORM OF SLAVERY

More Than 75,000 Railroad Employees Pay Tribute to the Loan Shark

By Leon Henderson

Director, Department of Remedial Loans, Russell Sage Foundation

"SLAVERY" — That's the term the prosecuting attorney at Indianapolis uses to describe the vicious salary-buying loan sharkery that has over 75,000 railroad employees in its usurious grasp in a hundred railroad centers.

Literally thousands of victims are pouring into the offices of prosecuting attorneys, legal aid societies, Better Business Bureaus, junior chambers of commerce and city welfare agencies to tell their sordid stories of almost unbelievable fraud and oppression. Stories of loans repaid many times over—and still the loan shark continues his extortions. Stories, too, of jobs lost, of family necessities dispensed with, retail credit refused, of threatening letters—all that the salary buyer might collect his exorbitant 10 per cent every two weeks.

"If you must borrow, make sure that the lender is licensed. This is your protection and your State Banking Department examinations are guarantees of fair dealing. In every fair-sized community there are decent regulated loan agencies that should not be confused with the salary-buyers."

If your friend has borrowed without his wife's knowledge, and later cannot meet the continued payments demanded, the shark may visit his home in his absence and try to arouse suspicion that the borrowed money was dissipated at places of ill repute. The salary-buyer's "runner" has already used this fiendish scheme of retaliation; he is adept at scaring wives and threatening delinquent borrowers. If a business is honest, need it resort to such methods?

In a salary-buying transaction the victim signs away his claim to wages, plus an enormous discount. Pay day, when all his household bills are due, the loan shark demands his account in full. The Shylock demands his pound of flesh. But family expenses are always straining at the pay-check, and the borrower cannot pay all of his loan. The salary-buyer knows this. His business depends on it. So he accepts his interest, and the unfortunate borrower signs another claim without reducing the principal. This transaction is repeated each pay day, and each time the credit of the borrower and his family's welfare are further damaged. Soon he has paid the amount of the loan—but he still owes it! If the borrower protests, it is time to send the poor devil to another company. A new deal; a new talk on "moral obligations," by a supposedly different company, but in fact owned by exactly the same sharks—the "Big Four" from Atlanta. The capital of the second company has probably been obtained from a few months' profit of the other office. Imagine a clique of loan sharks, which makes it part of its business to cause men to be discharged, lecturing about "moral obligations!"

Is it slavery? Ask the Katy brakeman who has paid $900 on a $75 loan. Ask the 438 victims whose cases are being handled in the Atlanta courts by Major Boyd, the Legal Aid Society counsel. Let the trainman who never obtained but $50 cash, has paid upwards of a thousand, and still is being dunned for $200, tell his story. Or—if you're a railroad man in Roanoke, Norfolk or Portsmouth, ask your fellow-workmen. A conservative estimate is that 7,000 men are already "tied up" with the salary-buying loan shark companies in these three cities.

Not the least dirty part of the whole unsavory mess is the traitorous actions of some railroad employees who sell information to the sharks. A number of men, discovered to be guilty of these "stool pigeon" practices, have been discharged. Some employees discharged for this offense have become regular loan shark employees instead of secret spies. In one Ohio city a borrower became so badly involved that he was forced to accept a job with the loan shark and "work out" his debt. In raids on the loan offices, full records (including pay, seniority, etc), of all railroad men in the city have been found. These are bought from "insiders" who are also employed to drum up trade and scare delinquents. Do you recall anyone who has been advised that "the time merchant is going to tie up your pay—Better go down and pay him—If you haven't got the money, see that other fellow across the street—he'll buy some of your time." Or, more sinister: "The company's going to fire you if you don't pay up."

Relief is in sight, however.

The big club for collection has been the fear of loss of job. Many railroads have a rule to discharge employees whose wages are garnisheed. This has been deemed a necessary protection. In Chicago, all railroads agreed to ignore notices of salary-buyers' assignments, because these were usurious, and publicity was given to this action. Some of the offices were forced out of business, the remainder are slowly being extinguished. Now many railroads are following the Chicago example, notably the Pennsylvania Railroad.

In Indianapolis, all the owners and managers of salary-buying companies were indicted and are now out on bail pending trial. The prosecuting attorney is planning to extradite the Atlanta owners. The type of personnel engaged in the business may be judged when it is known that in one city a salary-buyer was also a bootlegger; in another city, a statutory offense was committed against a young girl in a salary-buying office. In Columbus, the manager of one of these loan shark companies threatened a visitor with a revolver. The salary-buyer loans to drunken men and knowingly makes loans for gambling. All he asks is first claim on wages due.

Recently, in Cincinnati, i granting a permanent injunc tion to prevent a salary-buyin loan shark from garnisheeing railroader's wages, Judge Roet tinger said, in part:

This court will go out of it way to say that any other larg employers of labor would b justified in disregarding in tot any notice of garnishment o similar proceedings from thi defendant, or any other con cern operating along similar lines. W cannot conceive that any court in Chris tendom would hold any such employer t be guilty of contempt of court, and i some inferior court did make such a order it is our humble opinion that court similar to our own would lose n time in acting through the remedy o habeas corpus. The case as presented i one of the strongest appeals ever mad to this court for the exercise of the ex traordinary power of injunction.

In Georgia, it is reported that a rai road employee whose discharge had bee caused by the filing of one of these illeg assignments, collected $4,000 damage The report also states that the sheri had begun to attach the furniture at th mansion of one of these loan shark king when the judgment was paid. Poet justice, this, and a sight that thousand of his victims would have relished.

The usual advice given to victims o these frauds by legal aid attorneys an prosecuting attorneys is:

Don't Pay the Loan Shark!

In numerous cities, notably Jersey Cit Indianapolis and Toledo, this practice being followed with unvarying success.

"Salary-purchasing" is only a bal faced evasion. It is a loan in disguis Being a loan, it is governed by the usu laws and laws requiring the lenders small sums to be licensed, regulated an supervised. Loans obtained from the salary-buyers are too easily obtaine Credit should be based on sterner stu than earned wages. Such loans, too, a costliest, being never less than 240 p cent per year, and often lead to the con pounding of interest to even great rates. What working man can afford pay back in a year at least $170 on loan of $50? They are most difficult pay—no installments being allowed. the borrower is "laid off," the loan sha must be paid in full—no renewals un work is resumed. They almost invar ably involve the borrower, cause h family hardship and suffering and his em ployer costly annoyance, as well as strai ing working relations. The worke laboring in constant fear of loss of jo cannot do justice to his task. He bound to his debt; this is peonage.

If you must borrow, make sure th the lender is licensed. This is your pr tection and your State Banking Depar ment examinations are guarantees of fa dealing. In every fair-sized communi there are decent regulated loan agenci

hat should not be confused with the alary-buyers.

There is also the credit union, a type of organization that has served the borrowers of small sums in Europe for 70 ears and has widespread use throughout Germany, Russia, Japan, Italy, England nd Canada. Comparatively recently they ave been developed in America. Many of them are to be found operating with onspicuous success in Massachusetts, New York, and North Carolina, and they re ideally suited to the credit wants of ailroaders.

In the credit union, members may deosit small savings conveniently and borow money from the union on the securty of their savings and their reputation or the thrift and honesty among the embers of the organization. Everyone ho uses the credit union is a member nd the profits earned through loans and nvestments are paid back as dividends. y coöperation, the rate of interest paid n deposits is higher than that paid by ost savings institutions, loans are made t less than one-twentieth of the interest harged by the loan sharks, and a fair rofit is made on membership shares. The redit union is the best means of supplyng the need on which the loan shark rives. Many credit unions have been ormed among groups of railroad emloyees. Why not form one?

The Credit Union National Extension ureau, 5 Park Square, Boston, Mass., the Russell Sage Foundation, 130 East wenty-Second Street, New York, will e glad to tell you how.

HOW TO COLLECT A LOAN

By J. H. Wickstrom

Someone has said that credit is a transer of commodities involving the return f an equivalent at some future time, and ne of the most important cogs in the heel of a successful loan business is the ollection department.

In the well-termed Small Risky Loan usiness no matter what precautions are ed in handling a loan, I believe there a considerable percentage of risk. This sk results in slow accounts. It is said at a loan well made is half collected, hich bears out the statement that there quite a large element of risk and ncertainty. What we are striving for is e return of our money with interest hen due, and in every day language our ogan should be, "Go after the overdue ayments."

We all know that one of the most comon failings is to follow the lines of ast resistance and to postpone payment long as possible.

The old adage of molasses and flies ill obtains—not that the manager must cept excuses from a customer through ck of courage to press his claim and sist upon payment, but under no circumances should he forget to be courteous hether in speaking or in writing. Also member the value of maintaing the ood will of a customer as it is poor usiness to drive away a customer by ing unethical collection methods.

A good collector should have a good rsonality and should be trained to have tience, perseverance, and vision. He ould be enthusiastically interested in his ork, otherwise he cannot develop successfully.

Slow accounts are brought about prinpally through the lack of proper attention when the first break of the contract is made. When a customer attempts to split up the payments, we should go into every detail concerning his income and assure ourselves that he has good reasons for not living up to his contract. Many times I have found, by checking up closely on a customer who asked for extension or permission to make part payment, that there was no real reason for asking for the additional time.

We often have customers who meet with reverses and who are unable to make their payments when due. In carrying them over this period, we must be tactful and alert so as to have them resume payment as soon as possible. To assure ourselves that delinquent customers are not taking advantage of our courtesy, we some times check up at the house, or place of employment to verify their statements.

We should at all times make the customer feel that we are his friend and willing to give him the value of our experience in arranging for the payment of his debts, etc. There are many times when we feel the desire to adopt harsh, or threatening methods in collecting slow accounts, but knowing that such methods do not pay we never make bluffs we cannot live up to, that is, we go the limit to make an amiable adjustment with a customer before we even suggest any other method of collection, and we are then careful not to make any threats that cannot be backed up. We think threatening methods, that is, threats made by outside representatives and managers, cause many accounts to finally rest in the loss and gain file.

When notices are sent the ledger cards should be gone over carefully. The customers with telephones should be called after the first notice. It seems to work out much better if one notice is sent and then followed up by telephone calls. Accounts which have received three notices should be given special attention either by sending a personally dictated letter or by a telephone call from the manager. All office employees should be trained to call the customer's attention to the notices when waiting on the customer at the window. If this is done right, it will keep the notices down to a minimum as the customer will know when he receives a notice that he will hear about it if he does not make an immediate response.

We insist that our outside men obtain immediate results, that is, that they have the customer come to the office immediately or put them on the telephone so the manager may talk with them. Before a delinquent is chased, we exhaust our method of reaching the customer from the office. We send the regular notices, and in some cases a dictated letter, try to reach them by phone both at the house and place of employment, and when the outside man reaches the house, there is nothing else for him to do but to get the customers in touch with the office. They have broken their contract, and the least they can do is to talk with the manager about further extensions.

We think it absolute folly to have a man go to the house and accept a promise for a future date, whether it is for the next day or the next week. as we have already exhausted all methods of reaching the delinquent from the office, and should insist upon our rights.

When we receive an account from another office for collection, we send a representative out to bring the customer directly to the office, and we immediately explain that the easiest and best way out is to settle the account in full immediately as the sending office does not want to be put to the trouble and expense of having us handle the account for them. If they are unable to make an immediate settlement, we insist upon their making a definite arrangement for payments, and this arrangement must be lived up to as we do not expect to be put to the trouble of writing or calling them.

When we make a trip to another town to collect on an account, we insist upon an immediate settlement as in most cases the customer has violated his contract by moving away from our city. If he hasn't any money, we suggest calling on his employer, or some of his friends, for help. We let the customer know it is expensive and troublesome to make such a trip, and we impress upon him the necessity of his living up to any agreement he may make if he is unable to settle in full.

The ability to write good collection letters is a great asset in our business, in fact it is, in my opinion, one of the most important qualifications of a loan man. We collect more than 90% of our money by letters. We must not lose sight of the fact that this method of conveying our thoughts is merely another form of personal conversation. Every man should thoroughly develop the power of expressing himself so he may be able to put the punch into his letters that he puts into his talks. If, for lack of opportunity or other causes, a manager feels he is deficient in this highly important qualification, he should take a course in correspondence under a competent instructor. Nothing will cause him more embarrassment and humiliation than the inability to express his ideas without offending the customer and without reflecting upon the organization which he represents.

A man to be a good collector must have courage and not be easily disheartened. The letters "P. P." symbolize other virtues aside from "Prompt Pay." One of them is "Patience and Persistency."

We must be careful in training our help, teach them to accept responsibility, keep them interested in their work, and manifest coördination in our efforts.

The shortest answer I can give to "How to Collect a Loan" is to insist upon the repayment of money due and ask for it in such a way that the borrower cannot help but agree you are reasonable and within your rights.

DUES

Annual or semi-annual dues, whichever you prefer, are payable to the National Secretary, George W. Kehr, Box 778, Harrisburg, Pa., on or before February 1, 1927.

To put into execution, plans approved by the A. I. L. A. in convention in Cleveland in September, the national executive committee has appropriated money in excess of the cash in hand in the hope that each member will support the committee in its important program by the prompt payment of dues at this time. The committee has important financial obligations maturing on or about February 1, so your coöperation in this matter will be greatly appreciated.

Reprinted from Finance & Industry, November 20, 1926.

LOANS—AT 300 PER CENT

What Employers Can Do to Defeat Salary Purchasing Companies Victimizing Fourth Distric Workers, Particularly Those of the Railroads

The principal railroad centers of the Fourth District are becoming infested with a new type of loan shark, most of the victims of whom are employees of railroads and traction companies. Operating on the claim that they do not make loans, "salary purchasing" companies are realizing "interest" amounting to 200 to 300 per cent a year through buying wages and salaries. Investigations that have been conducted during the past year show that there are four large companies of this type which have branches in the principal railroad centers operating on the chain store plan.

In several suits brought against these companies they have made the claim that they do not make loans but instead purchase earned wages or salary, at a discount of 10 per cent. Last year the Ohio Lenders Association and the City of Cleveland brought suit against one of these companies alleging that it was violating the state law, in that it was not licensed. The city won in the lower court and on appeal the decision was sustained, but on further appeal to the Supreme Court decision was reversed. This decision, which resulted in the formation of new companies, claims that wages are "choses in action" and that their assignment is legal. Attorney Kline of the Ohio Securities Division stated that this decision hinges on the lack of a comma in the language of the state act. The act says "purchasing or making loans on salaries or wage earnings" is unlawful. The ruling handed down was that inasmuch as there was no comma after "purchasing" in the sentence, it was subject to two interpretations, and held that the section referred to purchasing loans instead of salaries or wages.

At the present time there are a number of these salary purchasing companies operating in Cleveland. A reporter from *Finance & Industry* made an investigation of these concerns, seeking information as to their methods of operation. The first company visited was found to be located in one of the older downtown office buildings. At the end of a dark hall was a dirty waiting room across one end of which a flimsy partition held two grilled windows. After waiting for three workingmen to complete their business at the windows the reporter approached the man in charge, saying, "I would like to borrow some money on my salary."

"We don't make any loans, we only buy wages," was the abrupt response.

"Well, then I'd like to sell my salary," offered the reporter.

"What railroad do you work for?" asked the man at the window.

Upon being informed that the reporter did not work for any railroad the reply was, "All our business is done with railroad employees. We can't buy your salary."

"Why can't you?" was the next question, and the answer, given in a vague and somewhat surly manner was "Because we don't want to. We have all the business we can handle with the railroad men."

Substantially the same results were obtained at the offices of three other purchasing companies visited.

In a number of suits that have been brought against such companies in the Fourth District within the past year the testimony and investigations accompanying the suits have revealed the method of operation of such concerns and many of the evils of their system. The most recent and important of these suits was brought recently in Cincinnati and resulted in a decision that is regarded as highly favorable to those who are fighting the present practices of the salary purchasing companies. The facts in the case follow:

A young Cincinnati railway worker was earning $25 a week. He went to a salary purchasing company in that city, which also operates in Cleveland to borrow $35. A suit was later brought in court to restrain the purchasing company from exacting any more money from this man who had already paid the company $42.50, owed $38 50 on renewals and still owed the original $35. The case was contested and the judge granted a permanent injunction against the purchasing company. The opinion of the judge read: "This court will go out of its way to say that any large employers of labor would be justified in disregarding in toto any notice of garnishment or similar proceedings from the defendant or any other concern operating along similar lines. We cannot conceive that any court in Christendom would hold any such employer to be guilty of contempt of court, and if some inferior court did make such an order it is our humble opinion that a court similar to ours would lose no time in acting through the remedy of habeas corpus."

So far, salary purchasing companies have been able to operate within the law because, technically, they claim, they do not make loans. In all of the cases that have been brought to light was shown that the purchasi companies have always be very careful to make this di tinction and to take every pr caution to call attention to t fact that they are not maki loans. Their business has be limited almost entirely to ra way and traction company e ployees because of the fact th these employees always ha two weeks' back pay coming them. In other words the e ployee has two weeks of earn but unpaid salary which he m sell.

Briefly, the operation is co ducted as follows: The e ployee finds that he needs mon very badly, let us say a f days before pay day. Granting that he unable to secure a loan from a bank chattel loan company or similar orga zation he appeals to a salary purchasi company. Let us say that he has earn but not received fifty dollars. The pu chasing company says, "We will give y forty-five dollars for the fifty you ha earned." The employee executes a b of sale for fifty dollars and receives forty-five. The purchasing company th executes the power of attorney to employee authorizing him to collect fifty dollars from his employer.

Such a loan has none of the safeguar usually attached to loans. The spouse not a party to the contract and husban often secure loans without the knowled of the wife. No receipts are given. supervision by any state agency exis The condition of the contract requires full amount to be paid from the n pay received, leading to renewals w continued high discount rate and no duction in principal. The discount char are standard, usually 10 per cent of transaction, with a slightly higher r for small loans. The rate is never l than 260 per cent per annum and usua higher.

There is no difficulty in securing a l of this kind. A railroad man may proach one of these companies, seek a loan, and by establishing the fact t he is employed by a railroad and sign his name twice secure the loan in a f minutes' time. His signatures are tached to both parts of a two-part, p forated sheet, one part of which is hea "Application to Sell Account for Wa or Salary" and the other part of which the standard bill of sale. On the bott of bill of sale the borrower must wr "This is a sale, not a loan."

The bill of sale calls for delivery the wages sold plus the lender's disco at pay day. The date line is left bl and if the borrower fails to appear pay-day and deliver the amount prom the purchasing company fills in the d and notifies the employer, asking that employee's next wages be delivered the company.

It can readily be seen, then, that sel

TO EMPLOYERS

The law has put the old time salary loan shark out of business, but we still have the "salary purchasing" shark, as bad as the other, but whose field is restricted to employees of railways, traction lines or other concerns which "hold back" part of their employees' wages, usually two weeks. The interest rate is 200 or 300 per cent a year.

We make this suggestion to employers whose men are being victimized in this manner: Arrange with one of the industrial banks, such as the Morris Plan, to loan money in small amounts to employees. This will put the salary purchasing sharks out of business as effectively as a law.

ne's salary to a purchasing company is irtually borrowing money at an exorbi- ant rate of interest. If the transaction ere limited simply to the sale of one wo-week pay period, at the standard rate f ten per cent "discount" for the trans- ction, it would mean that the employee elling his back pay in this manner really ays interest on a loan at the rate of 260 er cent per annum. But a still greater anger to the employee lies in renewals. ll too often, when the time comes to ay the sum due the purchasing company ne employee is unable to do so, which eads to a renewal of the loan and conse- uent increase in his debt. As a speci- c example of this, one Chicago railroad mployee, through constant renewals re- ulting from an initial $30 salary pur- hase transaction, paid the purchasing ompany $1,080 and still owed the orig- nal $30.

COMMUNICATIONS

Dear Sir:

At the meeting of the City Council esterday afternoon, after a rather heated iscussion, the small loan companies of Norfolk were assessed a tax of $120.00.

Only one of the councilmen was whole- eartedly for the small loan companies. hat was Mr. S. Heth Tyler. He ad- ised the Council that the State Legisla- ure had approved the 3½% per month ate through the efforts of the Russell age Foundation, as it was found to be fair rate for both lender and borrower. le stated to the Council that they could ut any tax on the small loan companies ney saw fit, but that he personally should ke the Council to bear in mind that the orrower would have to pay the expense, s the average earnings of the small loan ompanies was only about eight and nine- enths per cent.

Very truly yours,
HARRY M. FENNER, *Secretary.*

NEW MEMBERS

Add these to your 1926 Year Book Di- ectory:

Personal Finance Co., 707 Franklin St., ampa, Fla.

Personal Finance Co., 223 Masonic ldg., Augusta, Ga.

Personal Finance Co., 304 Savannah ank & Trust Bldg., Savannah, Ga.

Peoples Loan Society, 1608 Belmont ve., Chicago, Ill.

Personal Finance Co., 514 Grand apids Trust Bldg., Grand Rapids, Mich.

Personal Finance Co., 708 Union Nat'l ank Bldg., Muskegon, Mich.

Liberty Finance Co., 68 Hudson St., oboken, N. J.

Beneficial Loan Society, 860 Bergenline ve., Union City, N. J.

Personal Finance Co., 308 Hazelton at'l Bank Bldg., Hazelton, Pa.

Personal Finance Co., 506 Prunty ldg., Clarksburg, W. Va.

Security Loan Co., Oak Hill, W. Va.

CAMERON'S MANY FRIENDS PLEASED

Reappointment of Peter G. Cameron as ecretary of Banking was no surprise to apitol Hill. Not only was Mr. Cameron rominent among those who fought for he nomination and election of Mr. Fisher or governor, but he and the Governor- lect have been close friends for years. t was Mr. Fisher who brought Mr. Cameron to Harrisburg and gave him the chance which has made him one of the outstanding banking figures of the State, and it is generally understood that Mr. Fisher had very much to do with his appointment by Governor Pinchot. His excellent record in office was a guarantee of of his reappointment, which has been received with much satisfaction on Capitol Hill where Mr. Cameron has many friends. He was heartily congratulated in messages from all over the State today and newspaper comment on the appointment is without exceptions very favorable.—*Harrisburg Telegraph, Dec. 10, 1926.*

GEORGIA

The sixth annual meeting, banquet and ball of the Georgia Industrial Lenders Association will be held at the Capital City Club, Atlanta, Georgia, Thursday, January 27, 1927.

The meeting will be called to order at ten a. m. and will conclude with a ball ending at one a. m. the next morning. A very good business and social program has been arranged.

The morning and afternoon will be devoted to a very instructive and constructive business program along with addresses by two prominent Atlantans. The business meeting will adjourn at twelve noon for luncheon, convene again at one-thirty p. m., and proceed until four-thirty p. m. The Banquet will take place at seven-thirty p. m. and the finest dinner the Capital City Club is capable of preparing will be served. During dinner the best ten-piece orchestra and several Radio stars will entertain. Many prominent Atlantans and dignitaries will be present.

There will be an address by Richard B. Russell, Chief Justice of the Supreme Court of Georgia and Judge L. F. McClelland, if physically able at that time will, also, deliver an address entitled "Remedial Suggestions."

The ball will follow immediately after dinner and everything that makes for a good time will be provided such as the best orchestra in the South, the best dance floor, the best environment, good fellowship, refreshments, decorations, etc. Dinner tickets $3.00 per plate.

After the ball every one will tell of the wonderful time they had at the Georgia Industrial Lenders Association's Sixth Annual.

Georgia extends an invitation to all American Industrial Lenders Association members. Come to Atlanta and enjoy real southern hospitality. Many of our friends in the North, East and West, no doubt, intend sojourning in Florida about the time of our Convention. Permit us to suggest that you plan your Florida trip so that you can spend the day at our Sixth Annual in Atlanta.

Just write Ed Steimle and the rest will be arranged.

INDIANA

New members: Capitol Loan Co, Columbus, Ind.; Edgar L. Monks, Winchester, Ind.; Personal Finance Co., Wysor Bldg., Muncie, Ind.; Security Loan Co., Clinton, Ind.; Security Loan Co., Rockville, Ind.

You were told in the last Bulletin not to miss the Managers Convention at Terre Haute. Those who attended agreed it was one of the best Managers Conventions ever held. Ask your neighbor. A few high lights are given you here.

H. H. Burrell, Chairman of Membership, has set the wheels rolling for the largest State Association. If you give Mr. Burrell your coöperation, this will be made possible.

Publicity Chairman, Mr. Blumberg, made a very fine report and still insists that all articles should be mailed when they appear in the paper. His address is 315 Star Bldg., Terre Haute, Ind.

Fred E. Barrett, a new member, gave a very interesting and instructive address on automobile loans. Mr. Barrett has had ten years or more experience in this particular line.

Elmer Johnson gave a very fine address regarding his department and what they proposed to do for the lenders in the way of supervision. Mr. Johnson is always a welcome honorary member.

Mr. Blumberg acted as toastmaster at the banquet held at noon. Several State Senators and Representatives attended this luncheon and one Congressman. Each told briefly that they were willing to learn more about our business.

We all know Mr. Moss; well, he was right there with the entertainment feature.

During the afternoon session several talks were given by the following: Dr. George Farrington address on The Consideration One Company Owes to the Other and especially is this true with respect to prompt response to correspondence regarding foreign accounts. John W. Heyns, of Evansville, gave an address on Benefits Finance Companies Derived from Federal Reserve System. A. K. Dolliver read a very interesting paper on Office Efficiency.

The enclosed letter is self-explanatory and we hope you will respond freely.

The Executive Committee appointed the General Committee for the National Convention and the names will be published in the next bulletin.

Addresses wanted: If you locate any of them notify the Secretary.

Harry C. George, from South Bend to Chicago.

Raymond J. Franklin, alias Frank Raymond Rayfield, South Bend to ?

Walter Julian, from Wabash to Richmond or Logansport.

Stephen Burfor, from Indianapolis.

Marion and Florence Harris, Kokomo to ?

From Logansport:

Wm. J. Carrey.
Otis Cox.
Wm. and Cleona Galloway.
John G. Garbison.
James B. Geier.
Robert L. and Elsie Good.
Roy and Stella Stansberry.
Robert C. and Leatha Arlington.
John J. and Dora Clayburn.
George and Eva Clary.
Thomas Ferguson.
John Gates.
Jacob Grier.
Hiram Hizer.
Robert L. Rummell.
Roman Spayd.
Boyd Stembaugh.
Harry F. Summers.
Thomas A. Walker.
Charles VanDine.
Rosario Coloia.

The Executive Committee passed the following resolution: That it be recommended to the membership that all adver-

tising in newspapers, circulars, windows, that the minimum be not more than $10.00 and suggest the following phrases: Loans up to $300.00. Loans $300.00 or Less. Loans $10.00 to $300.00.

I wish all a Merry Christmas and Prosperous New Year.

And that's that.

R. F. HARTZ, *Ye Secretary.*

MARYLAND

The November meeting of the Maryland Industrial Lenders Association was called to order promptly at 8:00 o'clock p. m., by Chairman Hood.

Twenty companies reported present. Following are the reports of the standing committees:

Mr. Baseman, treasurer, reported all bills paid to date and leaving a balance of $160.93 in the treasury.

Mr. Holden, of the Publicity Committee, reported that he was making progress with the local papers, and suggested that some of the members place some advertising matter with the *Baltimore News*, thus assuring us their coöperation.

Mr. Sutton, of the Vigilance Committee, has been doing educational work with a certain unlicensed lender.

Mr. Gardner, of the Law Committee, stated there was nothing new to report, but suggested that both the Vigilance Committee and the Law Committee should be coöperative; this idea being concurred in by Mr. Bryant, who also stated that he would work with these committees.

The situation which has existed at the *Baltimore Sun* with reference to the removal of the "Money to Loan" column from its regular position, at their option, was thoroughly discussed, and Mr. Bryant stated that if a committee was named to take up this matter, he would give them his fullest coöperation, and practically assured us success in our efforts.

The following members were named as a committee to serve for this purpose. Mr. Hoffan, Mr. Gardner, Mr. Bryant, Mr. Holden.

We are deeply indebted to Mr. Potter, who read a paper on the subject of attachments of salaries, which was both clear and to the point, and was as follows:

Your Program Committee has asked me to write a paper on a subject of my own selection and I have decided to use as my subject "Attachments of Salary" as I think it very important that this subject be given some consideration at this time. I hope my hearers will be lenient and accept my views at face value.

Mr. Hood made a statement at our last meeting on October 12th to the effect that there had been twenty-seven Salary Assignments filed with the Baltimore and Ohio Railroad during the first three months of 1925 and seventy-six during the same period of 1926. Mr. Hood also told us of a young man who, I understand, was single who was carrying six loans at one time, and how a representative from each of these companies and the young man himself met at Mr. Hood's office and how he admitted that he borrowed the money to play the races and have a good time on, just because other fellows told him how easy it was to borrow money from loan companies, but he wanted to do the right thing and was anxious to get out of debt and, therefore, arranged to turn over a certain amount from each of his pays to Mr. Hood to distribute among the six companies.

I presume the majority of these seventy-six assignments filed with the Baltimore and Ohio Railroad during the first three months of this year were like the young man mentioned above. If this is the case, it would be advisable for the loan companies of Baltimore to discourage the making of this kind of loans and adhere to the making of furniture loans, having both husband and wife sign. Then the money would be used for household purposes and put to good use.

At our office we have a large number of loans with employees of the Baltimore and Ohio Railway, and it has been necessary for us to file only one Salary Assignment with the Baltimore and Ohio Railroad Company in two and one-half years. Some of these loans, of course, go slow with their payments, but this is generally caused by sickness in the family or they are furloughed for a time, but as soon as they return to work they always are able to bring their accounts to date.

I wish to say here that we find employees of the Baltimore and Ohio Railroad to be of good character, and through the appreciation of our service extended them at the time of need, take care of their obligations with us satisfactorily. It is not the fellow who has a steady position that is a slow account, but the fellow who is lazy, going from one position to another, thus losing about two weeks out of every month. With this sort of loan, the Salary Assignment is not of much use to us for collection purposes, anyway.

On September 26, 1924, the National Association passed a Code of Ethics consisting of ten rules. One of these rules I should like to read to you: "Where an assignment of wages is taken as part or full security for loans, notice of such assignment will not be served upon employers, except as a last resort to secure repayment of the loan, or to comply with statutory requirements." There were booklets of this Code printed to you, no doubt, received some of these booklets to pass around to attorneys and city officials as we did, to let the public know about our business and how we conducted it.

Therefore, it is our duty to be careful about the number of assignments we file and be sure that everything possible has been done to collect the money. I feel sure that if we do this, it will not be necessary that we file more than a very few assignments, and the Baltimore and Ohio Railroad and other concerns will know that we are living up to our Code of Ethics and will find no fault with the way we are conducting our business and will be glad to honor our assignment at any time, if it is necessary for us to file them.

Before closing, I should like to quote a little incident that happened in my office a few days ago. I received an application for a loan which was looked up and approved by the outside representative, but when we came to close the deal, the applicant balked in signing a Salary Assignment. I questioned him as to what objections he had for not wanting to sign a Salary Assignment. Then he told me that he had a brother who also was in the Fire Department and who contracted a loan with a loan company here in Baltimore and, owing to sickness, went to the said company and asked permission to pay interest only that month. They accepted the interest, telling him that it would be all right and that they would look for the regular monthly payment the following month. Thinking everything was all right, he went home, and when he went to work the next day, he was advised that his services were no longer needed as he had contracted a loan and the said company had filed a Salary Assignment against his wages.

Of course, I have not heard the other side of the story, but if this be true, I think that the manager of this company made a mistake, especially after telling the man it would be all right. Cases of this kind surely do not help our business.

The attachment of salaries, which has developed a delicate situation at the B & O. headquarters, was thoroughly discussed by the members present, and the Association was then addressed by Mr. Bryant on this self-same subject, who pointed out many pitfalls attached to this mode of operation.

At this time the minutes of a special meeting of the Executive Committee were read, approving the employment of Mr. Bryant as attorney for the Association at a yearly salary of $3,000.00. A motion was made and seconded covering the above.

The method of raising the necessary money then came under discussion, and upon motion, this was referred back for the action of the Executive Committee.

We were honored by the presence of our National Chairman, Mr. Bill Young, who, upon question by Mr. Gardner, assured the members of the Association that nothing would be done by the National Association, of a legislative nature without first taking the matter under advisement with the Maryland State Association.

Mr. Bryant further assured the members present that he was right on the job representing the local Association in this respect.

It was suggested by Mr. Bryant that the members present submit forms of the papers they are using to his office, so that standardized forms could be drawn for general use.

Upon motion duly made and seconded the Industrial Bankers at 218 N. Liberty Street, represented by Mr. W. P. Bishop, President, the Liberty Mortgage and Service Company, represented by Mr. Carl R. Kahn, president, and the Commercial Service and Credit Company, of Frederick, Md., were admitted as members of the Association.

J. L. ROSENFIELD, *Secretary.*

PAYS 150 PCT. STOCK DIVIDEND

The West Jersey Trust Company, of Camden, announced it had given a present to its stockholders in the form of 150 per cent stock dividend.

This means that for each share the stockholders now own, they will get without cost, a share and a half additional stock.

This will automatically increase the capital stock of the institution from $200,000 to $500,000 with its surplus $750,000.—*Philadelphia Bulletin, Dec. 28, 1926.*

INDUSTRIAL BANKING

By H. Shuster

History and Growth of Industrial Banking. Briefly, Industrial Banking proposes to supply to the individual, the worker and the employee class, the same complete financial service that is furnished to business men, corporations, etc., by the world wide and the very highly developed system of commercial banking. It is estimated that at least 85% of the people are in a class which it is impracticable for the commercial banks to serve. This is due to the fact that the small amount these people need to borrow and the long terms of repayment, which usually extend over a year, make it unprofitable at the usual banking rate. It is for this special purpose that Industrial Banking was organized. It gives men and women a place to invest their money as it is accumulated; it renders a loan service suitable to that class of people, and, when carried to its completion, gives them service in every activity of their life where they need financial help.

Germany has the oldest system of Industrial Banking there is, with resources of more than two and one half billion dollars, and over 7,000 branches. The banks in this system are conducted on a plan similar to that of our Mutual Building and Loan Associations in this country, and they have been extended to cover the agricultural districts as well as the city. Their rates, owing to their size and complete development, are lower than in any other country.

The Italian system is not as purely coöperative as the German, but the banks have done remarkable work in helping both the artisan and the farmer to get started in their life work, as well as in providing the average man with a place where his financial needs can be satisfied at a fair price.

There are several large industrial banks with numerous branches in France. These banks do not exactly follow either the German or Italian system, but are more on the order of the commercial banks in this country. Probably the largest system in France is the industrial department of the Bank of France. In making use of bank credit in the French Industrial Banks a person opens an account on a similar basis to the opening of a credit account in a department store in this country, after which as he desires money in any quantity within his limit he goes to the bank and presents his note for the amount wanted and it is discounted and charged to his account. Loans of less than ten dollars are made by the bank of France in its Industrial Department to the total amount of over $3,000,000, annually. In the city of Levis, Canada, a town of only 8,000 people, there is located the first of the Canadian Industrial Banks, which has total assets of over $1,000,000, and has about $350,000 of industrial loans outstanding. This bank is peculiar in that it does not ask the borrowers to pay their loans, provided the interest is paid regularly each quarter, but loans are made only to those who are stockholders in the bank.

American Industrial Lending or Banking. Possibly on account of the fact that America is a new country, the more urgent need and demand for Industrial Banking has arisen only within the last few years. One hundred years ago approximately 85% of the people were engaged in agricultural pursuits, and, being widely scattered, had to depend almost wholly on themselves for very nearly all the necessities of life. Now the number of people who obtain their livelihood from agriculture and allied pursuits has fallen to approximately 30% of the total population. With the large centers of population to attract those people from the farms, and with the standard of living going higher, there is an ever increasing demand for facilities which can be furnished only by Industrial Banks. As America is becoming a more industrial nation every day there will be an ever increasing demand for the facilities which can be furnished only by Industrial banks, and the advantages of Industrial Banking will be more and more appreciated as the public are educated and find that it is very largely a matter of keeping up with the times.

One of the first if not the first, industrial bank to be established in this country was opened in Norfolk, Virginia, in 1910 with a capital of $38,600. After a few years its value to the community was so well established that other Morris Plan banks were opened in Washington, D. C., Atlanta, Georgia, and St. Louis, Missouri, and in the past fifteen years over 100 of these banks have been opened with capital varying from $50,000 to $3,000,000. In addition to their capital these banks have sold over their counters to the investing public 5% interest bearing certificates in great volume; there now being $61,000,000 of these certificates outstanding.

These banks are chartered to make loans up to $5,000. The bulk of their business appears to be in loans running from $500 up to the maximum.

The rate charged by these banks is usually 6% with a further charge approximating 2% and in a majority of cases all of which (about 8%) is deducted at the time of making the loan, which runs for one year and is payable in weekly or monthly installments. This gives a gross profit of about 16% per annum. This rate is too low to be profitable on loans of $300 or less, as the cost of handling and collecting is too high in proportion to the amount of interest collected.

After quite a good deal of agitation and study as to the best method of driving the old time loan shark and salary purchaser (whose rates run from 10 to 30% per month) out of business, several states have passed a law called the Uniform Small Loan Law, or a similar one, authorizing rates of 3% and 3½% per month on balances for loans of $300 or less.

These states are: Arizona, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Maryland, Massachusetts, Michigan, Maine, New Hampshire, New Jersey, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Utah, Virginia and West Virginia.

As the result of this legislation in the past ten years, several thousand individuals and corporations have started in this line with most pronounced success. They have organized a national association, The American Industrial Lenders Association, which in 1926 had a membership of 495 and there is a state association in nearly every state. There are no authentic figures compiled showing the aggregate amount of loans made annually by the Industrial Banks, but it must exceed a quarter of a billion dollars a year. While this appears to be a large figure, it must be remembered that there are over 75,000,000 people in America to whom the Industrial Lender can render a service. Our Building and Loan Associations cater to the same class of people, and their combined resources in 1926 exceeded five billion dollars.

Purposes. A great majority of those who have gone into Industrial Loaning or banking are endeavoring to carry out the purposes of the Russel Sage Foundation and the intent of the Small Loan Laws of the several states, this purpose being to give the man who cannot carry a checking account with a balance large enough to justify the commercial bank in making him a loan, a place where he can borrow money at a reasonable rate of interest. Where the law is in operation the loan shark has been driven out of business, and as the business becomes older the services rendered by it will increase until they include the financing of the average man in every activity of every day life. The time will come when the average man's opportunity to invest money, and receive thereon a share in the profits made, will make industrial banking one of the biggest mediums of encouraging thrift that there is in this country.

Future. There is no doubt that as Industrial Banking or Lending institutions increase in size and are able to get more and cheaper money, they will be enabled to serve the public better and reduce the rates which are now charged, and render an even greater service than they are able to render at the present time. No man can posibly predict the future of Industrial Banking in this country, but when we realize that the German banks do a business of 2½ billion dollars annually, and that they have 7,000 industrial banks in that country, and that within 25 miles of New York it would require 1,100 Industrial Banks doing an annual business of $400,000,000 to equal it, we can get a small idea of its future.

PUBLICITY VS. ADVERTISING

By H. G. Hopson

It is worth our while to be keenly interested in the further education, through advertising, of the general and business public to the economic necessity of the Small Loan business. This is true not only because here is a field in which advertising can be more extensively used to our own selfish benefit, but more particularly because of the broad social aspect of its possibilities. We all are, or should be concerned as public-spirited citizens, as well as loan men, for, through interest in well-planned association advertising, we can hope to bring about better coöperation in making our business serve to greater advantage the financial needs of the householder and wage earner.

No one, with a mind for facts, can deny that the business of Industrial Loans has labored and still labors to some extent, under the misdeeds and notoriety of a past regime of unscrupulous business ethics as practiced by the unlicensed lender. The public generally unmindful of the fact that it was the present licensed lender who at his own expense and effort, helped make possible the extermination of the loan shark, and the building in his place of a clean, self-respecting method of household finance. It is an old, old

story to us; and we sometimes take it for granted that it is as well known to the "outside world." But it isn't. The fact that it is not, is evidenced almost daily.

For instance, not long ago, a man prominent in the legal profession in this city, was approached regarding our business. This man is considered exceptionally well informed on economic topics of the day and his opinion carries considerable weight; yet, after he had learned the story of the modern Loan Business, he was astonished. He had no idea that it had been elevated to its present high plane. He said this to the Loan man who told him the story:

"You men have done a wonderful thing, and you are deserving of great credit. *Why don't you advertise this great accomplishment so the public too will learn your story?*"

Two years ago, if you will pardon a personal reference, I met and talked with folks with whom I had previously worked on a Philadelphia newspaper, and whom I had not seen for some time. As is usual with old friends, they were interested to know what I was doing for a living. The announcement that I was with a Small Loan Company shocked them distinctly. One of the party, an elderly woman, actually wept about it. I promptly started out to justify myself and the business. The younger folks succumbed to facts, but the elderly woman was hard to sell, on the basis that she knew all about loan companies—had known all about them for as long back as twenty years. It seemed that I could not tell her a thing. And there was the secret of her antagonism—she remembered the loan shark but had not been told the true story of the present day Industrial Loan Business. And so it seems to me, the biggest thing we in the Association, have to consider for the betterment and perpetuation of our business is the education of the general public to the economic value of small loans.

Logically, the next thing to consider is how to do it. Manifestly, it cannot be done by the individual companies; for they have certain financial obligations to their security-holders which preclude the possibility of increasing their advertising space to include to the necessary extent, the educational story of the business. This job must be done by the Lenders as a group.

The next step then, is the consideration of the vehicle or medium by which this story can best be told. Broadly speaking, the two methods which present themselves are publicity and advertising. By publicity, I mean the reprinting by newspapers and magazines of Association news, which is apparently of interest to the public; the broadcasting by radio of loan business activities and any other means of telling our story in such a way as to make it appear that the news is something the public wants, rather than something we want them to have. By advertising, I mean the telling of our story through *paid space*—in the form of a carefully planned and consistently conducted advertising campaign.

Naturally, we are thankful for any free publicity we can get, but publicity in the form of news articles will never put our story across. First, because it is subject to the editorial blue pencil. What to you is the most important point in the story is frequently struck out by the city editor as having no news value. We just can't expect newspapers or magazines to print free of charge, material that would benefit us selfishly. The coöperation we have received from newspapers throughout the country is remarkable, but it is not sufficient. They, you must remember, are in business to make a profit too. So far as radio publicity is concerned, it is an untested medium and one which can do only a part of the job, at best.

The real job is up to paid space, for there we can say what we want the public to know, without the possibility of having our story blue-penciled, or without the possibility of having our audience swing the dial to another station. Advertising, however, cannot do the job over night, or with just a few pieces of copy. It must be given the benefit of a consistent campaign, covering a period of at least a year. Large space or enormous expenditures of money are not essential, but it must be consistent, for only by repeatedly telling your story to a lukewarm public can real interest be aroused. We have only to review the past successes of association advertising to verify the statement that such a campaign will accomplish the biggest job that we as Lenders, have to consider. Some of you remember personally and many of you have read about the situation which faced the Chicago packing houses about thirty years ago in regards to their canned meats, which were then comparatively new on the market. Through carelessness on the part of a few housewives, a number of people were poisoned. Sales of canned meats immediately fell to almost nothing. Despite the effort of the packing companies and their distributors, the American housewife looked askance at meats in cans. At that time, American business had not been sold on the idea of group advertising to mold public opinion. The result was that education copy to correct this public impression of canned meat, was not used. The packing houses themselves can tell you that the sale of canned meats at the result of this failure to correct a false public impression had been held down considerably. It has only been in the comparative recent years that they have overcome to a large extent, this prejudice.

Again, you may recall the olive scare that we had five or six years ago. At that time the Spanish Green Olive Growers Association of California were conducting an association advertising campaign to sell the public on the value of olives as a food. Then along came disaster. Someone in the middle west opened a can of ripe olives, allowed them to set for a day or so in the open can, with the result that five or six members of the household narrowly escaped death from potomaine poisoning. The olive growers were alarmed, and an investigation showed that the sale of olives, both ripe and green, fell off at least 75 per cent. But, unlike the packers, the olive growers acted promptly to correct this public prejudice. They immediately increased their advertising in the national magazines and local newspapers throughout the country, and told the people that there was nothing dangerous about olives in any form, provided ordinary precautions were taken and provided ripe olives were immediately removed from tins when opened. The result of nipping this scare in the bud was evidenced by the fact disclosed in a survey a couple of months after the campaign had gotten under way, when it was shown definitely that the sale of olives had again come back to practically normal.

I cite these illustrations merely to show you that the Industrial Loan people of this country are not the only ones who have things to overcome; and also to bear out my statement that the best way to overcome this prejudice which the public holds, is not to depend on the help of others outside our business, who can at best be only partially interested, but rather to pay the price and tell our story completely and consistently.

In conclusion let me say this: the laws of economics prove that something for nothing is worth just what it costs. Only paid space, regular advertising, will help break down the armour of public prejudice against the business of Small Loans. The time to do the job is now. I commend the idea to your careful consideration.

LOAN FRAUDS CURB SOUGHT IN MISSOURI

Proposed Law Would End Extortionate Practices by Money Lenders

Unscrupulous money lenders and salary buyers who exact exorbitant interest from persons of limited means will be put out of business in Kansas City and other large centers of Missouri, according to the terms of a proposal which will be urged at the next session of the State Legislature beginning in January.

The proposal is being sponsored by civic, commercial and other organizations in Kansas City and St. Louis, including Chambers of Commerce and Better Business Bureaus. Information gathered by a special committee representing these and other agencies here shows some loan concerns have been charging interest rates ranging from 260 to more than 500 per cent.

Wage workers and others who borrowed small sums from the concerns, in many cases giving their salary as security, have been forced to pay interest amounting to several times the principal sum, and the original loan still remained due. Similar information was gathered in St. Louis.

The legislation proposed in Missouri is known as the uniform small loan law, developed and sponsored by the Russell Sage Foundation and now effective, in some form, in 23 states. An investigation by the special committee here showed the law, with limited exceptions, was operating in an entirely satisfactory manner in the other states. The law is simple, its main provisions being these:

The maker of small loans, not exceeding $300, is allowed to charge interest in excess of the legal rate, because of the risk, nature of security and expense of the small loan.

The interest rate on such loans shall not exceed 3½ per cent a month. This, although higher than the legal rate usually allowed, is but a mere fraction of the amount charged by the existing loan concerns, it is explained.

Agencies desiring to do business under the small loan law must secure a license and furnish bond to the State. The business of each licensee would be subject to examination by the State Banking Department.

Penalties for violation would be severe, nd attempts of unlicensed concerns to o business would meet severe punishnent.—*Christian Science Monitor, Dec. 1, 1926.*

HISTORY

While Industrial Banking is practially new in this country it is very well eveloped in Germany, Italy, Japan, rance, Russia and several other counries, for nearly 75 years. The system f organization and operation of such anks is somewhat different than in nited States due to local conditions and equirements.

GERMANY: Has the oldest system f Industrial Banking and Dr. Schulze —Delitzsch was one of the foremost ounders of the German system. In getting the foundation of the "Industrial anking System," Dr, Schulze had at eart the welfare of the wage-earner, he small business man and the farmer. ue to the development of large industries and mercantile houses who threatened to drive the small man out of usiness "Industrial Banks" grew fast in rder to provide credit facilities for the mall business owner and wage-earner. he Industrial Banks or "Peoples Banks" s named in Germany were at the beginning strictly coöperative societies serving heir investing members only and being imilar in their organization to the 'Credit Unions" operating in this country. Due to the tireless effort of Dr. Schulze and his associates and due to he always greater demand of such institutions the government of several federal states and legislators took such an nterest in this matter that the states rovided working capital and the legislators created protective laws for the 'Industrial Banks." This banking system expanded quickly and at the present here are more than 7,000 Industrial Banks with resources more than 2½ billion dollars who are serving the class f people who cannot get financial service of the Commercial Banks. The Industrial banking system in Germany has grown to such dimensions that besides the original credit societies and State Organizations, Corporations have been organized and that even one of the largest Commercial Banks, the Dresdner Bank, has gone into Industrial Banking heavily.

ITALY, JAPAN, FRANCE AND RUSSIA: These countries are operating their industrial banks somewhat different than Germany due to local conditions and necessities, but all have done remarkable work in supplying credit facilities to people who could not be served by Commercial Banks.

UNITED STATES: The necessity and demand for Industrial Banking in United States has arisen during the last few years only due to the fact that the largest percentage of the people were originally engaged in agriculture and United States has become more and more an industrial nation in later years only. While a "Commercial Bank" is mostly interested in the collateral security a borrower can give, the "Industrial Bank" makes available for current use the credit of persons of moderate means whose resources may be small but in the aggregate with their earning power, represent a very potent force in the economy of a nation. The only accomodation the Commercial Banks have given this class of people is the accumulation of savings deposits.

The Industrial Banking system is operating at the present under different methods, i. e., the Morris Plan, and the Small Loan Plan.

Morris Plan Banks are operating in various states under special legislation and have grown from very small institutions during the last 10 years to an immense organization operating more than 100 Banks with total resources of more than 60 million dollars. Being a corporate organization the earnings accruing to the benefit of the stockholders. The primary function of these banks is to make loans from $50 to $5,000 for a period of one year, to people of character and earning power, on personal security charging the legal rate of interest and in addition an investigation fee as follows:

$1.00 fee for loan $50.00
$2.00 fee for loan $100.00
$3.00 fee for loan $150.00
$4.00 fee for loan $200.00
$5.00 fee for loan $250.00

$5.00 plus 1 per cent is charged on loans above $250. (This rate applies on the sums exceeding $250.00.)

The fees are limited to $20.00 on any loan.

These rates are not profitable on loans up to $300 from the business point of view as the cost of investigation and collection is too high in comparison to the return received through interest collections and the majority of loans are made for higher sums than the last mentioned amount.

The Russell Sage Foundation, Remedial Loan Dept., a strictly philanthropic institution making small temporary loans to people, found that it costs 1 per cent per month to make loans for $300 or less due to the high cost of investigating such loans.

In order to drive the "Loan Sharks" who charge the borrower, applying at their offices for a temporary loan on account of sudden emergency or distress, 10 to 30 per cent per month, the Remedial Loan Dept. of the Russell Sage Foundation in conjunction with reputable money lenders enlisted the aid of legislators of several states resulting in the passing of the "Uniform Small Loan Laws," or similar ones authorizing rates of 3 to 3½ per cent per month on unpaid balances for loans of $300 or less in the States of Arizona, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Maryland, Massachusetts, Michigan, Maine, New Hampshire, New Jersey, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Utah, Virginia, and West Virginia. These laws provide that interest shall not be greater than 3 to 3½ per cent per month according to State laws, be charged on unpaid balances only. The business is to be licensed and supervised by the State. Legitimate capital has been enticed into the business due to the assurance of a reasonable return on the investment and several thousand individuals and corporation have started in this line for the sole purpose of rendering to such people a financial credit service who cannot obtain same through a Commercial Bank, due to not being in position to deposit collateral security with such banks. Authentic figures showing the total loans made through Industrial Banks annually are not available, but it must exceed a quarter of a billion dollars per year. There are over 75,000,000 people in the United States to whom the Industrial Banks can render a real service.

Purpose of Industrial Banking

The majority of individuals, partnerships, or corporations having gone into the industrial banking business are carrying out the purpose of the Russell Sage Foundation, and are members of the American Industrial Lenders Association, a national organization as well as of a State Industrial Lenders Association. These organizations through their legislative and other departments are on the lookout that their members are holding to a high ideal of business ethics and are following the intent of the law in the spirit and letter. Loans granted in an "Industrial Bank" must be for a constructive purpose, or for a case of emergency or distress and the applicant must be of good character and earning power. No loans are granted for gambling, luxuries or other unworthy purposes, as it is the sole object of an "Industrial Bank" not to tear the borrower further down, but to build him up to give him financial advice to budget his income so that after his loan is paid off, he has found a way of how to save and provide for a rainy day. A customer treated in such a way is bound to appreciate the good service he received in the "Industrial Bank" and when in need of a loan again he will go with a light heart and soul to the manager of this institution, who made a friend out of him, for curing his financial troubles the same as a sick man is going to the doctor confident that he will be cured of his bodily ills.

Is the Small Loan Interest Rate too High

"Commercial Banks" are wholesaling, but "Industrial Banks" are retailing money. "Commerial Banks" are negotiating loans on collateral security but "Industrial Banks" are negotiating loans on purely personal security. The expense for making a collateral loan of $5,000 is in no comparison as high as on a small loan of $300, against personal security due to the fact that a small loan needs attention from the minute the applicant enters the office until to the end of the 10 to 20 month period. Briefly the steps for making a small loan are as follows:

1st. Taking application for loan and filling in questionnaire.

2d. Investigation the data supplied and references.

3d. Investigating guarantors on note or if chattel mortgage, searching official records.

4th. If chattel mortgage, taking of inventory of furniture.

5th. Passing on application by Finance Committee after completion of investigation and collecting all data.

6th. Arranging for records to be kept on each loan showing monthly payments due, dates and interest.

7th. Accepting monthly payments, calculating interest on same, rendering receipt to customer.

8th. Collecting and following up delinquents.

Considering the above facts and appreciating that a borrower in an "Industrial Bank" does not have to build up his credit through deposits with such banks, that the cost of handling small loans re-

paid in installments, over a period from 10 to 20 months is relatively expensive and greater than in a commercial bank and considering the convenience to the borrower of a long term credit it must be admitted that the rate of interest of 3 to 3½ per cent per month is reasonable and a fair return. While the monthly rate is 3 to 3½ per cent it should not be construed to mean that the "Industrial Bank" receives at the rate of 36 per cent to 42 per cent per year as the borrower receives the full amount of the loan without any deductions and his monthly payments are carrying the same rate of interest as his loan due to the fact that the interest due is computed on the monthly unpaid balance of such loans only. Of course, this rate is higher than under the Morris Plan System because under the "Small Loan Laws" less security can be had, loans are more risky, expenses for handling such loans are high and losses are naturally greater than in ordinary banking. After thorough investigation of the Small Loan Business by the Russel Sage Foundation, Legislators and Economists it has been found that 3½ per cent is the scientific rate considering safety and fair return on invested capital.

OTHER SERVICE RENDERED TO PATRONS

Besides the loan service as explained before, the borrower has a chance in getting a good return on his savings. Several Industrial banking organizations are working under a coöperative system allowing the borrower after paying off his loan to invest his savings in the Preferred Stock, Debentures, Interest Certificates of Indebtedness, or other obligations, either at stated monthly installments or at a fixed sum. With the exception of the preferred stock, most of such obligations can be cashed if needed any time after one year of issue, and some are issued in denominations as small as $10 each. The interest paid on these securities varies from 6 per cent to 8 per cent, occasionally a profit-sharing feature is connected with such obligations. There is no Savings Bank or Building and Loan Associations offering its members or patrons these advantages in connection with a loan system particularly suited to the needs of such people. In short, the "Industrial Banks" are furnishing the professional man, the small man in business for himself and the wage-earner, who have no commercial banking connections, a complete financial service.

FUTURE OF INDUSTRIAL BANKING

Due to the service of the Industrial Banks are rendering to the public and considering the growth the system has enjoyed in other industrial countries and realizing that about 85 per cent of the people of the United States belonging to a class who cannot receive a financial service suited to their requirements from the Commercial Banks it cannot be predicted the size the industrial banking system will be in ten years hence.

Ex-Governor James M. Cox of Ohio, in an address made in 1917 said:

"I make bold to say that the legalized loan business is more of a necessity in an industrial community than perhaps a bank for this reason: it is the poor man, who when he needs money, needs it most."

Rev. Joseph J. Genthner, Field Director, Legal Reform Bureau, said:

"The demand for small sums of money with which to meet immediate necessities has always existed and will continue to exist so long as the world stands.

"After careful investigation, we find that only about 15 per cent of the American population have access to financial facilities, which leaves approximately 85 per cent of the people without financial accomodations in the time of need, except in the states where the necessity for the small loan business has been recognized and where practical loan laws have been enacted.

"The clientele of the small loan institution is not the 15 per cent who can borrow from banks, or the poor and needy, who are also about 15 per cent of the American population that are best assisted by charitable institutions in times of distress. The remaining 70 per cent of the American population known as the middle class—clerks, mechanics, electric and steam railway operatives, industrial workers, public employees, small business men, in fact, all those who have good character, steady jobs, a reputation for paying their bills, and an income sufficient with which to live and to pay monthly installments on a small loan. These are the people served and the people who have the same right to borrow money as the big influential business men who experience no difficulty in securing a loan from a bank when they want it."—*The C. P. A. Bulletin, Dec. 1, 1926.*

INTEREST ON SMALL LOANS

55938. (New York, N. Y.) I have been very much interested in an article on the Morris Plan written by you which appeared in the "U. S. Investor," for June 5, 1926. In this article you point out the high cost of borrowing money in small amounts and refer to an investigation by the State of Massachusetts showing that 3 per cent a month is not too much to charge for loans of $300 and less. I should much appreciate it if you would let me know where I could find a full report of this study made by the State of Massachusetts.

Apparently the old-fashioned idea that there is a legal rate of interest fixed by the law of each state does not apply on small loans. Could you tell me what the size of a loan must be, in general, before the legal rates of interest become effective?

Ans.: In Massachusetts we distinguish in the matter of legal interest rates between loans which are $300 or less in amount and those which are larger. The rate on loans of $300 or less cannot exceed 3 per cent per month and we have a state supervisor of small loans, affiliated with the office of the Bank Commissioner, who is enpowered to make investigations and audits to the end that this rate shall not be exceeded. Loans of more than $300 may bear any rate agreed upon by contract, but the legal rate is 6 per cent where no contract agreement to the contrary is made.

I was for several years intimately acquainted with Frank H. Pope, the supervisor of small loans and it was he who told me the results of his investigations which I embodied in my article on the Morris Plan. I do not know to what extent he put any of these conclusions in printed form I do recall distinctly that on one occasion he appeared personally before a committee of the legislature and stated that because of the costs involved in the small loans business the rate ought, in the light of his experience, to be 3½ per cent per month instead of 3 per cent.—*U. S. Investor, Dec. 4, 1926.*

VIRGINIA

The regular monthly Luncheon of the Richmond members of the Virginia Industrial Lenders Association was held at 1 P. M., on December 9th in the dining rooms of the Chamber of Commerce.

Members in attendance were Messrs. Broce of the Beneficial, Pope of the United, Gordon of the Credit, Edge of the Capitol, Kidd of the Central, Burnett of the Virginia and Biel of the Citizens. We also had present as our guest, Mr. Oscar W. Shewmake.

Chairman Burnett after calling the meeting to order advised the members of the plans that had been made to date for the Annual Banquet which will be held in the Winter Garden of the Richmond Hotel, on January 20, 1927, starting at 6:30 P. M. Mr. Burnett explained that he had made arrangements with the hotel whereby we would have the entire Winter Garden to ourselves, the hotel having agreed to transfer their dancing elsewhere on that night. It was also stated that in all probability arrangements could be made with W. R. V. A. to broadcast at least one hour of the program since all radio connections for that purpose are now installed in the Winter Garden.

The Ticket Committee is making reservations for at least two hundred people and it is hoped that there will be approximately three hundred in attendance. Invitations are being compiled which will be sent to invited guests together with other literature of interesting nature which will serve as a drawing card for members in the state. It was also announced that Mr. Henderson, of the Russell Sage Foundation, Mr. Mueller of the Community Finance and Chairman "Bill" Young of the A. I. L. A. would be among the guests.

Mr. Broce of the Beneficial submitted the proposition of the Retail Merchants Association to handle our exchange as a central bureau for the sum of $2,000.00 a year for the clearing of 20,000 names. All clearances in excess of that amount it was stated would be charged for at the rate of 10 cents each. After considerable discussion the members present maintained that the cost was too high and decided to allow the matter to rest for the present without taking any action.

Skips reported at this meeting were as follows:

James L. McGee, 21 Montrose Ave.
Luston D. Moore, 3218-A. Hanover Ave.
Lester T. Evers, 312 No. 12th St.
Bissell A. Park, 1 So. Rowland St.
Norman C. Boutwell, 1420 Grayland Ave.
Wm. C. Teague, Dumbarton, Va.
Herbert W. Skinner, 210 So. Addison St.
Charles A. Trimmer, 312 No. 21st St.
Clarence E. Saunders, 2226 Bainbridge St.
G. T. Brown, 909½ No. 7th St.
H. H. Palmore, 1904 Rose Ave.
C. L. Weisiger, Stop 44, Lakeside Line.
Joseph T. Bunce, 3315 Patterson Ave.
J. C. Barron, 2940 W. Clay St.

A. and Lyda Campbell, 3203½ B. Park Ave.
Carl G. Pierce. 907 So. 4th St.
Ernest White, 2203½ Short Perry St.
W. Henry Mack, 1013 No. 28th St.
Jones Thomas, 414 Kenny St.
James M. Bowen, 1905 Pleasant St.
James Smith, 312 E. Clay St.
Ralph D. Jones, 2024 Idlewood Ave.

The Secretary will be glad to inform any member absent, of the company having any skip in which he is interested. Members are reminded to bring their skips with them at every meeting.

The luncheon consisted of roast lamb, fried oysters, candied sweets, stewed tomatoes, potato croquets, beets, hot rolls, Virginia corn muffins with coffee and cottage walnut pudding for desert. The price was seventy-five cents and it was SOME lunch for the money.

A special luncheon has been called for Thursday, December 30th at 1 P. M. in the Chamber of Commerce dining rooms for the purpose of completing plans for our banquet which we hope to make the best in the history of our organization. A full membership is urged for this luncheon.

The meeting adjourned at 2:45 P. M. and was thoroughly enjoyed by all present.

EARL H. BIEL.

CITY BUSINESS MEN ORGANIZE TO FIGHT LOAN SHARK EVIL

A representative body comprising every civic, welfare and business organization in St. Louis, including also the Better Business Bureau and several large industrial houses, will be created in the next week or two and have for one of its first activities a definite program to eliminate what has been characterized as a thriving loan shark business among needy workers.

Although details of the program have not been completed, it was learned yesterday, following a conference with Dwight Holmes of the Better Business Bureau, Lon Sanders, newly elected chairman of the Chamber of Commerce members' conference, and Leon Henderson, representative of the Russell Sage Foundation of New York, that the plan includes alignment of organized support for legislation to be presented at the next General Assembly similar to laws in effect in twenty-two other states.

SPONSORED BY C. OF C.

The movement is being sponsored by the Chamber of Commerce and has enlisted the support of a number of organizations already, including the Better Business Bureau. The actual work, however, will not be undertaken by the Chamber, but by the representative body to be formed in the near future, which will be something in the nature of a civic executive committee.

Holmes and Henderson brought out that workers of the St. Louis district pay an average of at least $1,500,000 and possibly as much as $1,850,000 a year in excessive interest rates on money borrowed from loan sharks. The significance of this, Henderson said, can be seen in the fact that aggregate interest payments on the totaled money borrowed should not be more than between $200,000 and $500,000.

PAY 1,000 PER CENT INTEREST

"The least that some sharks charge in interest rates is 240 per cent a year and many extort as much as 1,000 per cent," he declared. "We have just had called to our attention a case where a woman borrowed $36 and has already paid $100 in interest and still owes the original $36.

"The only recourse the borrower has now after getting a loan from a shark is to sue. The way the business is transacted in the case of illegal rates, the borrower is given no record. His protection in the last analysis under the present laws in Missouri is to go into bankruptcy."

An effort was made four years ago to have an appropriate law passed, but it was defeated. Henderson asserted considerable opposition is being worked up at present also, but he averred the proponents of the measure early next year will have been organized ten times as strong as previously.

The proposed law would place all loan companies under the supervision of the State Banking Department and frequent audits would be compulsory. At present loan companies are not compelled to submit their records to the state bank examiners.—*St. Louis Daily Globe Democrat, Dec. 3, 1926.*

AN ADDRESS

BY HON. FRANK SMITH, *Judge, of the Court of Common Pleas, Philadelphia, to Pennsylvania Industrial Lenders Association, Philadelphia, November 17, 1926*

It is a great pleasure to be here with you this evening first because so many of my friends are here assembled, and secondly because anyone who comes so often in contact with that strata of society for which the sun does not shine every day, knows and appreciates the need for your organization. You have raised the business of lending money to people in modest circumstances to a place of responsibility and respectability. This was not true but a few years ago in our own good city.

The poor and weak were easy victims of the old money lender. Much suffering and misery were caused by them and the bonus and interest charges were the ghosts that haunted many a poor but honest family that for some cause or another had made a loan.

The coöperation of your organizations has relieved this condition and made it possible for the man, small financially, to go safely and confidently to one of your companies and have aid to meet some urgent need.

The Act of June 4th, 1919, P. L. 375, amending the Act of June 17, 1915, P. L. 1012 in Pennsylvania passed with the approval of the then Banking Commission and the Governor Elect of Pennsylvania, provided for the granting of loans of $300.00 or less with or without security.

The rate of interest was restricted to a maximum charge of 3½% per month. It further provided that no fees, fines or other charges in addition to the interest rate, could be imposed by the lender and that interest shall not be payable in advance or compounded and shall be computed only on unpaid balances for the time that has elapsed at date of payment.

Section 3 of this Act provides that the licensee making any loan under the terms of this act shall, at the time of making such loan, give to the borrower a receipt or card, upon which shall be stated the date and the amount actually loaned, the amount and date of each payment thereon, and the date of interest charged. On the back thereof shall be printed in legible type, in English, a copy of Section Two (2) of the Act relating to the amount of interest to be allowed.

This Act of Assembly is constitutional and a search by me reveals only two County Court cases in which any question is raised as to charges made by the lender.

The case of Carrol v. Coöperative Loan and Investment Co. 6 D. & C. Report, 425, arose in Dauphin County. In that case a judgment was obtained against a borrower who failed to pay the defendant when due. The lender charged the interest rate of 3½ per centum after the date of the judgment. The attorney for the borrower contended that only six per centum per annum should have been charged after the date of the judgment.

Wickersham, Judge, said the defendant contracted to pay 3½ per centum per month until the loan was fully paid and that the loan was not fully paid until after judgment was entered upon the contract between the parties and until execution was issued thereon.

The case known as the Small Loans Act being in the nature of an opinion by Deputy Attorney General Hunter, in 1921 to the Commissioner of Banking as set forth in 30 District Reports 372 states:

"I am of the opinion that the prothonotary's entry fee is not within the provision above quoted. The 'fees fines or other charges' contemplated are examination, renewal or transfer fees, fines for delinquency in interest payments, and other charges designed to circumvent the usury law, and the proceeds of which belong to the lender, but not court charges incident to reducing a note given as security to judgment and in which the lender has no property interest. The prohibition relates to charges of the lender for the *use of the money*, not to charges of a public officer, the payment of which is necessary to *perfect the security;* it is ancillary to the preceding sentence of the section, and its purpose is to make indubitable the legislative intent that the pecuniary return to the lender must not exceed the rate of interest specified in the act.

"You are accordingly now specifically advised that the prothonotary's fee for entry of a judgment on a note given as security for a loan under the Act of June 17, 1915, P. L. 1012, is not within the meaning of section 2 of said act, so as to prevent a licensee from making his reimbursement for the payment thereof a condition precedent to his participation in the satisfaction of such judgment."

This Act of Assembly drove the loan shark out of business and proved to be of the greatest assistance to the small business man.

Our banks and trust companies are wonderful institutions but a survey of the financial conditions are convincing that they meet the needs of but a small minority of citizens of this country. In Pennsylvania the Trust Company lends on collateral and the bank on a financial statement of their depositors.

It is estimated that not more than ten per cent of our adult population have

checking accounts in our banks or trust companies, and that about five per cent can borrow money in banks. If ninety per cent of our adult population are in the position that they cannot borrow money on satisfactory collateral or financial statements, you can then see the large field in which financial help may be given by institutions such as yours. It is not only the little business man that needs you; it is the honest but comparatively poor family that has a sudden death, sickness or unemployment. Then again money may be needed to educate the children or to pay off the mortgage that is due. If the needy one has no relative or friend who is in funds sufficient to help him, where may he go? Many men are too proud to go to their relatives or friends for a loan. They wish to stand on their own feet and to secure the financial help in some way by which their need is not generally known. They are willing to pay for the accomodation.

The industrial lender is the only safe place to which they may go.

In one of your institutions they make known their needs. After a full discussion with an expert in credit matters, they get sound advice first on whether their need is a real one and secondly as to the amount that they actually require.

Many an unsound business scheme or plan, which if carried out would bring failure to the prospective borrower, is thus prevented. Many a would-be purchaser has no practical ideas of just what his needs are, or what is his ability to pay the debt if the loan is made him. He thus gets what he needs and he has outlined to him a practical, workable plan of repayment. To one who has never been in a position where financial help has been a necessity, you cannot appreciate the load off of one's mind to know that there is some place where help may be had. There are few worries as trying as the financial one. Many families have split on this rock and there is little happiness where bills are pressing and the sum is not there with which to pay them.

The association of a number of legitimate money lenders is not only an aid to each other but to the honest borrower. It first, places them upon a standard of responsibility. To-day in our city the association is an active member of the Chamber of Commerce and is highly respected;

Secondly—By their association they get real knowledge of the needs of borrowers; the honest and the dishonest ones;

Thirdly—As a result of taking no bad financial risks, they are better able to grant more real loans of merit. I am informed that in the Chamber of Commerce alone the association has on file almost three-fourths of a million names of people who are in need of credit in the city of Philadelphia. Thus nearly every applicant for a loan from the Association finds that they have certain specific information about him.

The rate charged by the Industrial Lenders Association is the legal rate allowed by law. Morally it is also proper. Unlike banks, the lender advances its own money. In addition where the bank deals with men with collateral or with a business out in the limelight of competition, the Industrial Lenders Association cares for the needs of the man who rarely knows what collateral is or who is an unknown in the business world.

The investigations necessary to get full information regarding the morals, and reputation of the proposed borrower are bound to be expensive. In addition to that, the risk assumed in dealing with the unsecured loan is bound to be greater than where it is protected by collateral.. The legal rate is thus a proper and necessary rate.

Your business is sound and substantial and all thinking men stand in back of your association.

I read somewhere your Code of Ethics. The paragraph 3 of Article III that all patrons shall be dealt with honorably at all times impressed me greatly. It makes me think of the small clothing merchant whose young son asked him what Ethics meant. Ethics? queried the father. Ethics? Why anyone knows what ethics means. I will give you an illustration. Suppose a man came in my shop to purchase a twenty dollar suit and as I was about to ring up the twenty dollars on the cash register, I noticed that instead of having two ten dollar bills, I had three. Here is where the Ethics comes in: Should I tell my partner?

Thank God that you have no ethics like that. Your affairs are in the hands of men of character, of business experience and honest and honorable business methods.

It is the greatest blessing to the needy that this business has been steered into the harbor of stability and security. The business of the money lender of to-day is an honorable profession.

NATIONAL THRIFT WEEK

The tenth nation-wide economic audit of personal and family financial methods is again scheduled for the attention of the American people in connection with the observance of National Thrift Week, beginning next January 17th, Benjamin Franklin's birthday. The unique idea of giving this observance the aspect of the wholesale economic audit designed to help individuals and families to a better understanding of money matters is proposed by Adolph Lewisohn, well-known New York City banker, philanthropist and chairman of the National Thrift Committee of the Y. M. C. A., under whose auspices the event is promoted. Progressive citizens, Mr. Lewisohn points out, have quite thoroughly established the habit of going to competent physicians for periodical health examinations and to competent dentists for periodical dental inspection, the idea being to have themselves looked over from the standpoint of future health conditions.

The idea of observing National Thrift Week is to encourage people to study their personal and family financial situation, to see what, in the light of the present situation, may be necessary to do to insure a prosperous future. It is expected that National Thrift Week activities will help people to discover any unfavorable economic tendencies which may have unconsciously developed in their lives and help them to so readjust themselves as to become healthy financially, in the days ahead.

In conformity with this ideal of Mr. Lewisohn's "Measure Yourself" is the challenge which is to be emphasized in the coming January thrift messages. The new poster produced by the National Thrift Week Committee is a striking basic appeal which will be used. It provides a huge ruler spaced by the ten points of the well-known financial creed. This poster will be used throughout the country to stimulate people to examine themselves financially and to measure their future progress toward economic independence by means of this ten point rule, the points of which include:

1. Work and Earn.
2. Make a Budget.
3. Record Expenditures.
4. Have a Bank Account.
5. Carry Life Insurance.
6. Own Your Home.
7. Make a Will.
8. Invest in Safe Securities.
9. Pay Bills Promptly.
10. Share With Others.

The next observance of National Thrift Week will complete a decade of this service to young men and boys throughout the country designed to help them think straight about their money matters in the realms of earning, spending, saving, investing and giving. It has been a character building service. The next observance will be in the nature of the tenth anniversary of this educational movement which is now observed annually in hundreds of communities in the United States and its possessions as well as in foreign countries. It is sponsored by the Y. M. C. A., with the coöperation of 48 national civic, commercial, educational and religious organizations including the American Bankers Association, National Educational Association, National Congress of Parents and Teachers, churches, women's clubs and others.

Benjamin Franklin's birthday, January 17th, marks the opening of this week and each day will be devoted to some specific phase of truth. The slogan is "For Success and Happiness" and the days of the week have been named as follows:

January 17—Monday—National Thrift Day.

January 18—Tuesday—National Budget on Home Economy Day.

January 19—Wednesday—National Life Insurance Day.

January 20—Thursday—National Own Your Home Day.

January 21—Friday—National Safe Investment Day.

January 22—Saturday—National Pay Bills Promptly Day.

January 23—Sunday—National Share With Others Day.

MEETING SCHEDULE

PENNSYLVANIA—Pittsburgh, January 13.

VIRGINIA—Richmond, January 20.

MASSACHUSETTS—Boston, January 26.

GEORGIA—Atlanta, January 27.

ILLINOIS—Chicago, January 28.

IOWA—DesMoines, February 17 and 18.

WEST VIRGINA—Parkersburg, February 24.

MICHIGAN—Jackson, April 21.

TENNESEE—Memphis, May.

Florida is the next State to have an Industrial Lender's Association to be affiliated with the A. I. L. A.

PENNSYLVANIA

A regional meeting of the P. I. L. A. will be held in Pittsburgh at the William Penn Hotel on Thursday, January 13th, 1927, convening at 10:00 A. M.

After the morning business session, we will adjourn temporarily for luncheon at which time we will be addressed by I. D. Wolf, Chairman of the Pittsburgh Merchants Retail Credit Men's Association, and Thomas W. Dunn, President of the Consolidated Ice Co., of Pittsburgh.

After luncheon, we will conclude the day's work, and no doubt have one or two papers read by Lenders on subjects of interest to everyone.

We would like to have as large an attendance as possible at this meeting. The Pittsburgh members can always be counted on to handle their end of a day's programme in excellent style, and a large attendance will recompense them for their efforts in our behalf.

W. S. Herron, *Secretary.*

GEORGIA

There will be present at the Sixth Annual Convention, which will be held at the Capital City Club January 27th, Atlanta.

Richard B. Russell, Chief Justice Supreme Court, W. J. Jenkins, Judge Court of Appeals, Luther Z. Rosser, Chief Justice Municipal Court, J. B. Ridley, Judge Municipal Court of Atlanta, A. B. Mobley, Superintendent of State Banking Department. Mr. Davie and Mr. Roberts, Attorneys State Banking Department. Mr. Cagle, Assistant Superintendent of State Banking Department. Mr. Milton Bell, Cashier Federal Reserve Bank, Mr. West, President Chamber of Commerce, Mr. B. S. Barker, Vice-President Chamber of Commerce, Mr. Ivan Allen, Atlanta's go-getter, Mr. J. L. R. Boyd, General Counsel, Legal Aid Society, Bill Young, National Chairman American Industrial Lenders Association. Mr. W. P. Woll and we hope other National officers.

We expect to have several good addresses from this array of dignitaries and several others. The Georgia Association extends to all members of the American Industrial Lenders Association a cordial invitation to attend our Sixth Banquet and Ball. All that will be necessary for those who contemplate coming would be to write Ed Steimle for particulars and reservations.

Many of our Northern members, no doubt, will sojourn in Florida for a few weeks and can arrange to stay over in Atlanta for a day or two.

Edw. M. Steimle,
Secretary and Treasurer.

MEMBERS

The most important phase of Association work is that of getting new members.

Mr. F. L. Thompson, Chairman of the Membership Committee, has formulated a most aggressive campaign. The Association has backed his plan with a substantial appropriation to assure its uninterrupted fulfillment. By the time this goes to press things will be well under way.

With everything so well planned it might seem as if the rest of the Association Members can now heave a sigh of relief and sit back comfortably and let Mr. Thompson and the Committee bring in the members.

That is wrong. With this membership drive making its appeal to non-members it behooves you—every single member of the A. I. L. A.—to put forth greater effort than ever to carry his plan to a successful conclusion. This appeal from the Membership Committee must be supplemented by your personal solicitation. YOU have to get out and "dig" to help reach this coveted goal of 100% membership—which is so important to the perpetuation of the business.

As National Chairman, I appeal to you to get actively behind this membership job, for our good—for YOUR good.

Yours for 100% membership,

William Young, *National Chairman.*

EXPANSION OF AFFILIATED CHAINS UNDER THE SUPERVISION OF THE BENEFICIAL OPERATING BUREAU SINCE OCTOBER 1, 1926

The following Personal Finance Company offices have been opened by this Bureau:

Personal Finance Co. of Augusta, N.W. Cor. Broad & Eighth Sts., Augusta, Ga.

Personal Finance Co. of Aurora, 16 Island Ave., Aurora, Ill.

Personal Finance Company of Bay City, Washington Ave. Bet. 4th & 5th Aves., Bay City, Mich.

Personal Finance Co. of Bayonne, 473 Broadway, Bayonne, N. J.

Personal Finance Co., Benton Harbor, Cor. Pipestone & Michigan Sts., Benton Harbor, Mich.

Personal Finance Co. at Clarksburg, 225 West Main St., Clarksburg, W. Va.

Personal Finance Co. of Concord, 2½ Main St., Concord, N. H.

Personal Finance Co. of Council Bluffs, 12 North Main St., Nr. Broadway, Council Bluffs, Iowa.

Personal Finance Company of Danville, Northwest Cor. Vermilion & Main Streets, Danville, Illinois.

Personal Finance Co. of Grand Rapids, S. W. Cor. Monroe & Ionia Aves., Grand Rapids, Mich.

Personal Finance Co. at Greensburg, 107 South Main St., Greensburg, Pa.

Personal Finance Co. of Hazleton, N. W. Cor. Broad & Laurel Sts., Hazleton, Pa.

Personal Finance Co. of Lebanon, S. W. Cor. 8th & Cumberland Sts., Lebanon, Pa.

Personal Finance Co. of Middletown, 363 Main St., Middletown, Conn.

Personal Finance Co. of Muncie, Main & Walnut Sts., Muncie, Ind.

Personal Finance Co. of Nashua, 71 West Pearl St., Nashua, N. H.

Personal Finance Co. of New Kensington, Ninth Street & Fifth Avenue, New Kensington, Pa.

Personal Finance Co. of Portsmouth, 26 Market Square, Portsmouth, N. H.

Personal Finance Co. of Pottsville, 20 South Center St., Pottsville, Pa.

Personal Finance Co. of Savannah, N. W. Cor. Bull & Bryan Sts., Savannah, Ga.

Personal Finance Co. of Cambridge, Inc., West side of Davis Square, Somerville, Mass.

Personal Finance Co. of Tampa, 707 Franklin St., Tampa, Fla.

Personal Finance Co. of Toledo, 512 Madison Ave., Toledo, Ohio.

The following Beneficial Loan Society offices have been opened by this Bureau:

Beneficial Loan Society at Portland, 5 Washington St., Biddeford, Maine.

Beneficial Loan Society of Elgin, 19 N. Spring St., Elgin, Ill.

Beneficial Loan Society of St. Petersburg, N. E. Cor. 5th & First Ave., South, St. Petersburg, Fla.

Beneficial Loan Society of Hudson Co., 860 Bergenline Ave., Union City, N. J.

Beneficial Loan Society at Waterville, 179 Main St., Waterville, Maine.

All of these offices have taken membership in the American Industrial Lenders Association, as well as their various State Associations.

ADJUSTED SERVICE CERTIFICATES

January 4, 1927.

G. W. Kehr, Nat'l Secy. A. I. L. A.,
Harrisburg, Pa.

Dear Sir:

Receipt is acknowledged of your letter dated December 29, 1926, in which you request advice as to whether members of your association are authorized to make loans on adjusted service certificates at the rates permitted by the State Small Loan Laws. If these institutions are duly incorporated banks under the laws of your State, they may make loans on the certificates at the rate of interest prescribed by law, as set forth in the accompanying regulation, which rate must not exceed by more than 2% per annum the rate charged by the Federal reserve bank of your district for the discount of 90-day commercial paper.

For the Director,
Harold W. Brenning,
Assistant, Director.

LOAN MANAGERS AND INVESTIGATORS WANTED

There are a number of openings in a large chain organization for loan managers and outside men or investigators.

This particular chain has more than 100 offices with corresponding opportunities. Its expansion program calls for the opening of several additional offices before summer.

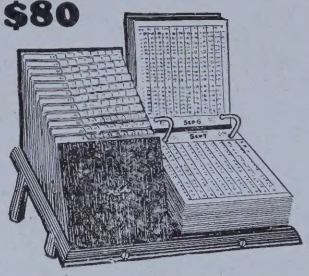
We have opened 27 new offices since October 1, 1926. Permanent positions with prompt advancement for those who qualify by proving themselves to be honest, industrious, and willing to study the policies as well as the practices of a large corporation. Give full particulars of your experience, if any.

Beneficial Operating Bureau,
Suite 1600,
468 Fourth Ave., New York City.

POSITION WANTED

MANAGER with four years' experience in Chattle Loan Business would accept any position open with opportunity for advancement. Age 25. E. C. Gooch, 7500 Brush Street, Detroit, Michigan.

$80



Combination Time Finder and Interest Calculator

The Confidence of Your Customer is Your Greatest Asset!

To be able to give an interest answer, quickly and accurately means your office is efficiently managed. Our calculators are the *ONLY APPROVED KIND AND BEAR THE ENDORSEMENT OF BANKING DEPARTMENTS AND EXAMINERS IN EVERY STATE* where the legal rate is in operation. Over eighty per cent of the offices are now using them—many having two or more.

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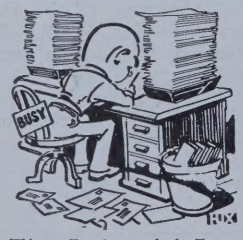

BUSY? OR SWAMPED WITH DETAIL?

Every loan man is busy. But the one well versed in the A-B-C's of the new method of loan office management is not swamped with detail. New methods pay the largest profits. The Industrial Lenders Technical Institute Course—students in 26 States—contains the fundamentals and newest methods of loan office operating. Here are but a few of the topics covered.

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Hundreds of A-B-C's like the above are thoroughly explained. Success in the small loan business awaits any man who will spend a few hours studying these subjects. You owe yourself this success. Begin now by clipping the coupon below.

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The World's Smallest Financial Journal

Published for the men who are busy broadcasting for business.

RESOLUTIONS!

This is the open season. We make 'em this month and break 'em next.

Some folks break out with good resolutions like measles on a ten-year-old. But they get over them quicker.

I once knew a man who resolved never to make another resolution as long as he lived. He broke it the next day.

He broke resolutions like his wife broke dishes.

She's the woman who threw the "brick" into "Brick-a-Brack."

Every time she broke a plate, he resolved to put in a supply of tinware.

But she saw to it that he broke that one, too!

Now, he's broke flatter than a pancake.

But he can't say that he didn't get the "breaks" in the game of life, though.

Resolutions are a good thing. Make a lot and you'll be so busy breaking them that you won't have time to break the law.

I'd rather break resolutions than break rocks, any day. It's not so healthy but it's a lot more fun.

Here's one for you to make!

Resolved!

—that I will write to this man Winter and see what he has to offer in the way of Advertising Helps for Industrial Lenders.

Don't break it!

Write to me now.

Send for my folder which describes a monthly advertising Service that will help you get new business, keep old business, save your time and save your money.

No Joking!

This Service is worth your while looking into!

A. N. Winter

N. A. WINTER

Industrial Lenders Advertising Helps

DES MOINES, IOWA

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INDUSTRIAL LENDERS NEWS

THE LIBRARY OF THE
FEB 17 1927
UNIVERSITY OF ILLINOIS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

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COURT DECLARES VIRGINIA SMALL LOAN LAW CONSTITUTIONAL

The opinion of the court is printed in full in the language that follows:—

VIRGINIA

IN THE LAW AND EQUITY COURT OF THE CITY OF RICHMOND.

Beneficial Loan Society

vs.

Wm. Cobb and Jane Cobb

OPINION OF THE COURT

For many years past there has existed in Virginia, as elsewhere a class of money lenders who cater to the necessities of poorer and more improvident persons, naturally inexperienced in business, by making small loans to them at a very high rate of interest. Doubtless such persons, owing to their ignorance and necessitous circumstances, have frequently been imposed upon and been compelled to borrow small sums upon oppressive and unfair terms.

Many of the States of the Union have undertaken to regulate the business of this class of money lenders by legislation. It is said by the supreme court of Pennsylvania, while considering an act for that purpose enacted in that state in 1915, in Commonwealth v. Puder, 261 Pa. St. 29: "The subject matter of the act has been before the public and under investigation and discussion for a number of years, not only in this jurisdiction but in other states as well, and has resulted in the adopting of somewhat similar legislation in probably half the states of the Union. The attempt in recent years to eradicate the evils of the so-called 'money loan sharks' by proceedings instituted in Philadelphia and Pittsburgh is a matter of general public knowledge and those who have given the matter close investigation and thought conceed that a prohibition of the business does not accomplish the desired result, and that the only practical method of dealing with the subject is by proper regulation."

No fairly observant citizen can fail to have noticed that also in Virginia the business as transacted by the "money loan sharks" has attracted considerable public attention, and has been under discussion and investigation in the courts and by publicists and social reformers. In the very nature of the thing, money lenders carry on a business public in its nature, and in dealing with necessitous persons, often incapable of protecting themselves, have opportunities for extortion and unfair dealing, which, unless restrained by proper regulations, they may use to the detriment and injury of their patrons.

In the year 1918, the legislature of Virginia enacted a small loan law, which was amended and reënacted by the legislature of 1922 and is now carried into the 1924 edition of the Code as chapter 1660 under title of "Uniform Small Loan Law." This law contains many stringent provisions regulating the business of making small loans. The maximum loan is fixed at $300.00 and on a loan of that amount or less the money lender may charge interest not exceeding the rate of 3½% a month. The dealer has to be licensed and his business is subject to the supervision and investigation by the chief examiner of the banking bureau of the State. Among the many provisions of the act, it is provided that if a loan is made by a licensed dealer of more than $300 or a greater rate of interest than that allowed is charged, then the entire transaction is void and the dealer can recover neither principal or interest.

In the case before me, which originated before the Civil Justice of the City, the plaintiff, a licensed dealer under this act, made a loan to the defendants of $300 to be repaid at the rate of $10 a month with interest on daily balances at the rate of 3½ per cent. The Civil Justice gave judgment for the plaintiff and an appeal was taken to this court. The only matter argued before me has been the constitutionality of the Virginia Act. The only question which it is necessary to pass upon is whether the act is in conflict with clause twelve of section 63 of the Constitution of Virginia, which provides that the General Assembly shall not enact any local special or private law regulating labor, trade, mining or manufacturing or the rate of interest on money. The law in question is manifestly not a local or private law and the question at issue is narrowed to the ascertainment of whether the law is a *special law regulating the rate of interest on money* as that term is used in the Constitution.

The constitutionality of the law has been assailed upon other grounds but I think they are all sufficiently disposed of by reference to such cases as Tobacco Growers Coöp. Asso. vs. Danville Warehouse Company, 144 Va. 456; Danville Warehouse Company vs. Tobacco Growers Coöp. Asso., 143 Va. 741; O'Niel vs. City of Richmond, 141 Va. 168; and Southern Railway Company vs. Russell, 133 Va. 292.

What is a *special law* as opposed to a general law, has been before the courts in Virginia and elsewhere in a number of cases. It is well settled that because a law deals with the same subject as one dealt with by a general law, it is yet not necessarily within the inhibition of the constitutional provision against special laws. It depends upon whether the law is general in the sense that it relates to a particular class ascertained with a fair degree of definiteness, and applies alike to all members of that class. The legislature has a right to make classifications and if it is not done arbitrarily, and rests upon a fair and reasonable basis for putting the class as to whom a law is made upon terms and conditions separate from other classes. It cannot be denied that the business done by the small loan dealers is now recognized as a class of business entirely distinct in its purpose and operation from the business done by banks and other general money institutions or money lenders, with whom the public comes into contact. Such being the case, I see no reason why the law under review should not be considered by the legislative department as providing regulation for a definite ascertained class of business radically differing from business done by other money lenders, and therefore the law applying generally to all persons engaged in that business is not a special law regulating the rate of interest. The classification is based upon well known and publicly recognized distinctions, and the legislature may very well have considered that this large and well defined class of money lenders needed legislation applying generally to all engaged in the business.

In Martin v. Commonwealth, 126 Va. 611, the question of what is a special law is discussed at some length. The court there recognizes that, though the distinction between a "general act," and a "special act" might have appeared to the framers of the constitutions to present a question easy of solution, the result has proved otherwise, and such a question is among the most difficult and perplexing which the courts have to meet. It is held that the courts, in passing upon the validity of an act, may look to the purpose and object of the particular act and the circumstance and conditions sur-

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W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

rounding its passage. The court there agrees with the general propositions that constitutional prohibitions do not prohibit classification; but classification must not be purely arbitrary; it must be natural and reasonable, and appropriate to the occasion. Yet the court adds "But the necessity for the reasonableness of classification are primarily questions for the legislature. If any state of facts can be reasonably conceived that would sustain it, that state of facts at the time the law was enacted must be assumed." The principles enunciated in the Martin case were approved in the recent case of Anthony v. Commonwealth, 142 Va. 577. See also Gruber v. Commonwealth, 140 Va. 312; Strawberry v. Starbuck, 124 Va. 71.

It must be remembered that a law regularly enacted by the legislature is presumed to be constitutional and valid. All doubts must be solved in favor of its constitutionality. As said in the latter of the cases above cited, in 144 Va. at page 469: "Every act of a legislature is presumed to be constitutional, and the courts are powerless to declare an act valid except where it appears beyond doubt that it contravenes some provisions of the state or federal constitution. If we must sustain its constitutionality."

The validity of the law in this instance is not attacked, as is usually the case, by one of the persons engaged in the business sought to be regulated, complaining of its provisions. In such cases the question presented is generally the legitimate exercise of the police power involving likewise the doctrine of reasonable classifications. The borrowers from the licensed money lender, who are the defendants in this case being sued by the money lender are here assailing the constitutionality of the law chiefly because it allows the money lender to charge a greater rate of interest than the large financial institutions, though hedged about by the restrictions of the act, and they are thus prevented from pleading usury. If the provision of the act allowing a maximum charge of 3½ per cent a month upon loans of less than $300 is invalid, then the contract for that rate of interest is illegal as to the entire interest charge, under section 5552 of the Code, and only the principal can be recovered, with the exception of any limitation imposed upon state action by the federal constitution, the legislature is vested with the supreme law making power, and under our form of State government this power is unlimited and subject to no restriction, except such as may be found in the constitution, the State's organic law. The general maximum rate of interest fixed by legislation is 6 per cent per annum. The legislature can enact that there may be exceptions to the maximum rate of 6 per cent at its discretion, provided the statute by which it is accomplished is not in conflict with the constitutional inhibition placed upon the enactment of private, local, or special laws. The court cannot hold that the section of the law in question is as to the rate of interest a private, local or special law. The rate of 3½% a month seems, from an ordinary business point of view, very high, but whether it is excessive, considering the risks incurred by the small loan dealers, and the necessities of their patrons, is for the legislature and not the courts to determine. As was said by the court on page 765 of 143 Va. in regard to the statute concerning the sale of leaf toba co by Warehouse Companies and by th Growers Coöperative Association, th court cannot pass on the necessity fo the legislation nor upon its terms, how ever stringent they may appear—"Th judicial tribunal can only assume tha these matters, which rest in the discre tion of the General Assembly, wer thoroughly investigated and legislatio of this character found necessary as matter of legislative expediency and ju tice and right in the interest of th people at large."

There is no restriction laid upon th borrower. He is at liberty to deal wit the small loan lender or not as he please Yet it is well known that the great ma jority of those needing the small loa covered by the statute are not in cond tion to obtain credit from the regular f nancial institutions and are compelled resort to the class of money lenders whom the statute applies. What are th proper terms to prescribe for the loa the lender may make, considering th group of citizens with whom it is know he necessarily deals, is for the legislatu to decide. What was said in the ca of Smoot v. Building Asso., 95 Va. 68 in regard to building fund companies, very apposite to this aspect of the matte

"It is contended on the one hand th Building Associations operate very ben ficially to the man who has but sma means, and who is destitute of a hon that he can call his own, as it will enab him to acquire property in a home fo himself and family, and pay for it in th course of six or eight years, at a co very little exceeding that he wou have to pay for a leasehold for the sam period. On the other hand it is co tended that the exactions operate as grinding oppression on those who fi themselves unable to meet the requis tions. Which of these opinions is co rect we will not undertake to say. the transactions and dealings of this a sociation with its members are warrante by statute, and that statute is warrante by the constitution, though they ma operate harshly and oppressively, it not the province of the courts to relie The fault is in the law, which the legi lature alone can alter, or in the in providence of the party, which neith the legislature nor the courts ca remedy."

The law assailed here is one in effe in doubtless a majority of the states the union and so far as appears, the co stitutionality of such legislation has be universally maintained. If there is on a doubt or even a very grave doubt to the constitutionality of the law, i validity must still be upheld. The nece sity for the law from an equitable stan point and its reasonableness are matte entirely for the legislature to determi and are beyond the functions of th courts.

It is my opinion the court would n be justified in declaring the law or a of its terms or provisions unconstitution or invalid.

The decision of the Civil Justice w therefore be sustained and judgment w be entered accordingly.—*B. T. C., Ja 3, 1927.*

WATCH THE A. I. L. A. GROW

EXCHANGE BUREAU

By Howard Bryant, Esq., Baltimore.

Of course the members of this Association, who are members of the Exchange, know all about its functions and present mode of operation. To trace briefly the history of an Exchange among Maryland loan men, may not prove amiss.

About a quarter of a century ago, the loan men in this city founded an exchange, because of the great number of *Doublers,* who were doing an extensive and profitable business in the city. The men who managed the exchange were all loan men, selected by those engaged in the loan business. This was during the days when the sky was the limit as to the rate of interest. The Exchange did not last long, because those who used the Exchange became suspicious of those running the Exchange, and the work of the Exchange became burdensome, to the one or two men who were operating it. The Exchange ceased to exist but the *Doublers* kept right on in the same old way.

At a time subsequent to the above, I undertook for the protection of the loan men to form and establish in Baltimore, an Exchange, but could not get the necessary coöperation to make it a success, principally because of a lack of confidence. One loan man would not trust another loan man, and the rate of interest was so high that each felt he could afford to take a chance, and he or they did it—the *Doublers* still continue to flourish.

Then the loan men founded a National Association and local associations were created in the various states and then came along the Uniform Small Loan Law. Still the *Doubler* was on the job, and no Bureau to check him in his mad career.

Mr. A. L. Wick in September 1924, in this city, read a paper on our subject matter, before the National Convention, that was most instructive, exhaustive and which no loan man could read without being almost, if not entirely, convinced of the absolute necessity of an Exchange Bureau in every city where there are two or more lenders. Let me quote from his paper:

The Exchange Bureau I wish to speak of, is a Bureau solely through which lenders may clear their applications, not to determine the goodness or worthlessness of a prospect, but, to determine if the prospect is at that time indebted to another lender, or lenders, which is often found to be the case, thus saving yourself a bad account or saving your brother lender a loss. You ask why the need of an Exchange Bureau? My answer is, because it will discourage the repeater, it will reduce the losses of the lender, and permit him to live up to the spirit, as well as the letter of the law, demonstrating to local business men, attorneys, courts, and supervising agencies, that he is sincere in his desire to raise the *morale* of lender and borrower and to *cleanse* the business. It is evidence to the public generally that he is striving actually to *help the borrower* out of financial difficulties rather than *push* him into them. It prevents the habitual repeater from securing loans of every lender in that city, requiring him often to pay more each month in loan installments than his income amounts to. It will create a more *friendly* and *coöperative* spirit among lenders. It created a bureau in every city where an exchange is in operation to which the out-of-town lender may appeal for coöperation toward locating his *skips* and collecting his balances free of charge. This privilege should be country-wide." This quotation I recommend to your most serious consideration.

In our city not over six years ago, it was not unusual to find a borrower who had twenty loans on the same security. This load of course he was unable to carry, and the result was perhaps a family broken up, the lawyer, the welfare society, and maybe the police court, playing their respective parts, and the loan men, *losing* their money and a lot of *publicity* unfavorable to the lenders.

The lenders still could not be made to see this picture, and some lenders today who "have eyes will not see," but, the light is coming, if slowly. The Exchange Bureau as conducted today, is most fair and efficient and is being operated by a department of the Association of Commerce at 22 Light Street at a reasonable cost for its maintenance.

Now let us consider and state the grounds, if any, why there should be *no* Exchange Bureau, and why members of this Association should *not* join.

1. Can the Exchange be relied upon to give *impartial* information, and be conducted upon a *profitable* basis?

2. Does not *self interest* make it unwise to join the Exchange?

3. Is not a lender justified in keeping every account he has and to secure as many more as he can handle without giving up any of them to his neighbors?

4. Would the Association of good fellowship social or otherwise, among the members of the Exchange in any way be *detrimental* to the business of any lender, chain or otherwise?

5. Will an honest and exhaustive "look up" of a prospective borrower accomplish all that the Exchange will do, and at a less cost to the members of this Association, than is the cost of membership in said Exchange?

6. Is it not a fact that the loan business is and has been carried on successfully *without* an Exchange Bureau, such as ours?

7. Does the Exchange stop the *doubling up* system?

These are some of the questions that should be answered by those in favor of an Exchange Bureau. Here are some of the arguments in favor of the Bureau and it is claimed, answers the above questions.

1. The Present Exchange is conducted by the Association of Commerce, and it is wholly in the hands of disinterested parties, who assume all responsibility of conducting it, but, or course under the rules of your Board of Directors, of the Exchange, and as many of your members are also members of the Association of Commerce, and it is contended that this gives your Bureau and your business a standing in this community that cannot be measured in dollars and cents. The membership dues in the Exchange are about a hundred dollars each, and it is contended that the service of the Exchange to each member, is worth many times per annum, this cost.

It is also claimed that the Exchange saves much valuable time and carfare in chasing slow accounts and prevents the cost of foreclosures.

2. An Exchange helps to prevent the making of bad accounts, slow pay, loss and gain, domestic trouble and accounts requiring the services of an attorney.

3. Fellowship among members is conducive to confidence, doing away with misunderstandings, and with a little patience brings about proper adjustments of details, avoids trouble, and makes everyone feel happy over the outcome and brings the lenders to a closer understanding with one another.

4. Under the Exchange it is almost impossible for anyone to double up, and thereby discourages the repeater thus reducing the losses of the lender and shows the doubler that he cannot continue his practices.

5. It saves the borrower from creating a burden of debt which his financial condition will not stand, thereby in a measure protecting his credit, and saves him the humiliation and torture of an *overpowering indebtedness* and it proves to the public that the lender is not in the loan business solely for himself, but, he takes advantage of this method to be helpful to the small borrower, and will not pull him down by permitting him to continue to borrow, *beyond his means.* and also demonstrates that the lender has a heart, and that the petty loan business so conducted, has a *human side.*

6. It creates a feeling of confidence between the members that cannot be obtained in any other way, and those who are staying out of the Exchange are reflecting on the integrity of themselves and other lenders in their community. Really the problems presented by the Bureau are the problems of the *business,* and *all* should engaged in a proper discussion thereof, because the *future* of the business must be considered as well as its past, and such conferences and meetings could only make the participants feel happy in accomplishing results, and benefits that will apply to all, the "large fellows," as well as the "small fellows."

Gentlemen, it certainly will tend toward better understanding and closer fellowship with one another. A lender with a small business is the very man who should be a member because he can less afford losses than the larger one and he will find his business to increase. The little fellow of *today* by proper attention to business and by using proper methods, will become the big fellow of tomorrow.

7. Again quoting from Mr. Wick's paper we find the following:

Any properly managed thoroughly equipped exchange bureau will accomplish the following:

A. It will correct the eyesight of the man whose *loan vision* is *cross-eyed.*

B. It will strengthen the *backbone* of the man whose spinal column needs support.

C. It will take a man who has been plodding in the Loan Mire clear up to his chin for many years, and place him

on the main *loan highway* where he should be.

D. It will take the man who for many a day has been peacefully sleeping at the bottom of the hill and give him an opportunity to camp on the heights with the other loan stars, who are camping there now.

E. It will almost eliminate the word *skip*.

F. It will educate, renovate and elevate the borrowing public with whom we deal, to almost unbelievable heights.

G. It will transform the borrower, who is now bad pay, to one who pays *promptly*.

H. It will instill a sense of *honesty* and *fair dealing* in the bosom of the new applicant.

I. It will correct the faults of the old borrower and make him play *fair* and come *clean*.

It will change the viewpoint of the general public, with whom we do not deal, but, who have a vital bearing on our *business*.

Gentlemen, the "pros and cons" of the Exchange Bureau proposition, have been briefly set before you. Let's discuss them tonight, and see if this Association by such discussion can't induce those outside the Exchange to join at once, because the Exchange, if good for one, is good for all.—*Read at a meeting of the M. I. L. A., Baltimore, Jan. 11.*

ADJUSTED SERVICE CERTIFICATES

By Wm. Young, National Chairman

The members of the A. I. L. A. should be interested in the question of loans on insurance certificates of the World War Veterans.

The following editorial appeared in the Philadelphia Evening Bulletin of Tuesday, January 4, 1927:

"Wonder expressed in certain quarters that banks are not eager to loan on the insurance certificates of veterans is easily to be satisfied. While the law makes the certificates legal security for loans when they have been two years in force, it does not require the banks to make loans. And the experience of banks has not been such as to encourage them to rent out their funds on insurance policy equities.

"At one time such equities were commonly accepted as collateral. But for the past ten years banks have looked rather askance at policy loans. They frankly say that borrowers do not seem to regard as very serious the loss of a policy most of the equity in which has been pledged. The eighty per cent loan limit permitted on these bonus certificates under the law raises the loan so high that bankers do not relish the bother of carrying it for a year, if the loan be unpaid, before cashing in on the policy and recovering the investment.

"It is not the policy of the Government to encourage the surrender of these bonus certificates for cash. The holder who gives up a certificate for its established loan value is a loser, for he has a good investment bond. But it was the purpose of the bonus legislation, and still is the purpose of the Administration, that if the service man is desirous of cashing in his certificate or if forced by exigency to secure a loan upon it, he shall have that opportunity. The Treasury Department holds sufficient funds to redeem all certificates pledged as loans. There is no possibility of loss by any bank making such a loan, and there is not the slightest doubt that the present complications will be cleared. While it is not to be assumed that every bank will be prepared to make such loans in an over-the-counter fashion, or that every bank will be called on to accept such small transactions, it is to be expected that such provisions shall be made as shall relieve the service man from the necessity of bargaining with *usurious money lenders*.

"Possibly the momentary check on the surrender of these certificates will be of benefit, influencing some, over-ready to "cash-in," to hold on to their Government notes."

From this editorial, which reflects a popular sentiment in respect to Veterans Insurance Certificates, it is quite obvious that Congress never intended that the service man should hypothecate his insurance certificate for a loan with a licensed lender, upon which he would be expected or would have to pay 3½ per month interest. It is quite clear that when Congress enacted this piece of legislation it specially desired and provided that such Soldier Insurance Certificate loans should be made with banks at current banking rates.

In the light of this strong public sentiment, it would be well for all Lenders to adopt the policy of not making a loan where the security offered is a Veteran's Insurance Certificate, thus keeping the business free from prejudicial criticism. This should not be interpreted as discriminating against World War Veterans, but rather an honest effort on the part of the licensed lender to protect the interests of these men who have, through their personal sacrifice earned the reward which eventually the certificates will bring to them.

PROVIDENCE EXCHANGE ACTIVE

According to F. J. Conley, Secretary of the Providence Industrial Lenders Exchange Bureau, during the year 1926 the Industrial Lenders Exchange Bureau handled 6,735 inquiries the largest number being December with 1,099. Of these inquiries 4,712 were clear, 1,206 had one name, 113 had 2 names and 36 had 3 or more names.

There were 668 cancellations and 42 duplications.

The activities of other exchange bureaus will be published if sent to the National Secretary on or before the first of each month.

THE NEED OF EDUCATING THE PUBLIC TO THE SMALL LOAN BUSINESS

By. J. B. Lafferty, Manager, Atlas Loan Society, Pittsburgh.

The subject about which I am going to talk is one that is very close to our hearts because we all realize the need of it and that is educating the public to this business.

There may be some of you who do not think that this is essential, but allow me to ask you this question—While we are really in business to help all classes of people, which would you rather have on your books—the man who loafs around street corners, or in some saloon, the driftwood of the city, or the man who has a good position, a good home, who is working every day, who keeps himself respectable—naturally the answer is the latter, but why do you want him—because he is educated; That's why,—not necessarily to this business but educated to the better things in life and willing to learn more. If you have this class of trade on your books it naturally makes for better business.

You all have had the experience I had the other day, you have it several times a month, an applicant comes into your office to have the proposition explained to him, you go through with it and he says "Why that's terrible, 3½% a month—42% a year, that's usury." You can't reason with him, can't change his mind for he gets up and leaves immediately and won't listen to anything you have to say.

A man came into my office the other day,—two of them in fact, and wanted to know what the "dope" was as they called it, on our method of doing business. After I had explained to them how we made loans they asked what the Interest was—When I said 3½% a month that was all right—fine—but when they asked me what a loan would cost them for 20 months and I told them $110.30 they went right up in the air, fussed and fumed a while and then made me this proposition: "We will give you $50.00 for the use of that money for 20 months and not a nickle more"—naturally, you know the answer.

Now there was a good $300.00 loan that I could not make nor could any other company in the city of Pittsburgh. Why? Because they were not *educated*.

Recently I called upon the general manager of one of our large department stores here in the city in regard to one of his employees, he asked me into his office. We sat down, he heard me through and then said "What rate of interest do you charge?" When I told him he ordered me out of the office—claimed it was usury, absolutely illegal, wouldn't have a thing to do with me—didn't blame the customer for not paying me and was very indignant. Why? *He was not educated.*—And I'll tell you something else; up until a few years ago this man was practicing law in the state of Illinois, in conjunction with the District Attorney's office in Chicago and even then he did not know that the small loan act was legalized.

These are just two examples of this need—there are many more: I'll agree with you that in some instances you can reason with a customer and finally "Sell" him on the proposition but it is about 3 to 1 shot that you can put your story across and make it stick.

Now understand I'm not talking of those people who are desperately in need of money and will go to any extreme to get it, those whose need is so great that it overcomes any fear, any reluctance, they may have of applying to a Loan Company. These people would pay 10 times 3½% to get what they want but they are desperate and loans of this character are not conducive to good, clean business. The people we want on our books are those that really need money to tide them over an emergency but they have a dislike, an inherent fear, of all loan companies believing that we today, are just the same as the old High Rate Companies of the past—the real *dyed in the wool loan sharks*. They have *heard* and *read* so much about them that they believe if they once start to do business with us that they will be forced to pay an exorbitant rate of in-

terest and that they will ultimately be bled to death.

Of course, this is all wrong but they don't know it, they are not *educated.*

But this is the class of people we want for our customers—they are honest, they pay their bills promptly, they are not looking for something for nothing, they expect to get only what they pay for and because they don't understand the business they think we are trying to get a lot in exchange for a little, and consequently do not patronize us.

Of course we all know what the Russell Sage Foundation has done for us. There is no other organization that has studied this business, analyzed it, helped it, and fought for it as they have, but gentlemen, as large as this organization is, as hard as they are working, as interested as they are it still remains that they are only one organization while we have 522 members scattered throughout 29 states, all of them loyal to this Association, all willing to help, for by so doing, they are helping themselves in this if it is undertaken in the right way? Friends, don't you see, can't you see, the possibilities. Multiply the efforts of R. S. F. by even one-half the number of members of this association—knock off another hundred for good measure and see what it leaves you.

Now I'm not here, to tell you what to do, or how to do it, I'm not here to offer suggestions or remedies, because, compared to the rest of you men here today I'm just a youngster in this game, and the ways and means of accomplishing this work will rest with some of you who know a whole lot more about it than I do, but my object is to try and make you see this fact—the *public must be educated* to this business, educated properly or we cannot hope to achieve, with the attendant success, the progress that we have experienced in the past.—*Read at a meeting of the P. I. L. A., held in Pittsburgh, Jan. 13.*

SELLING THE SMALL LOAN BUSINESS

By H. W. Smith, Manager, United Small Loan Corp., Pittsburgh.

I fully realize in taking this spbject to write an article on, that I am choosing one which has been discussed from many angles, but one which I think is one of the greatest factors in our future success and that is just what each and every one of us are the most interested in at the present time.

We spend a very large sum to advertise our business from year to year that we turn a large per cent of our applicants down at the window without taking the time to fully explain to them why we are not able to make them a loan, this is where I think that we fall down in salesmanship very much for I think you will all agree with me that every salesman that you ever saw who made a success in selling was always very glad to discuss and explain the article which he had to sell at every opportunity, even though he had no idea in making a sale; then when we send away an applicant without taking the time to explain our business we are passing up a very good chance to sell the small loan and doing ourselves an injustice.

Even though we are unable to make a loan to the applicant if we sell him and convince him that we would be very glad to make him a loan if he were able to meet the requirements of the corporation which he is applying to, he certainly leaves the office in a good frame of mind and when some of his relatives or friends mention that they desire to obtain a small loan from someone he will very readily recommend you, and too, will be able to explain your plan to them, thereby saving the manager a lot of time when the party comes in to file application.

To accomplish such a relation as I have just mentioned it is necessary that we thoroughly familiarize ourselves and all of our office personnel in the many angles of the business, so that at all times we are capable of offering a satisfactory explanation on any angle that we might be confronted with.

We know we are an institution just as much so as the National Banks and Trust Companies, but we have yet to sell this to the non-borrowing public; when we do this we will have accomplished what we have been endeavoring to do for the past twelve years.—*Read at a meeting of the P. I. L. A., Pittsburgh, Jan. 13.*

NEW JERSEY

In the following opinion the court holds that the purchase of wages was a loan and void under the New Jersey statute.

First District Court of Jersey City

Rosenbusch and others, doing business as Hudson Purchasing Company.
Plaintiff,
vs.
John J. Fry,
Defendant

Case No. 159519
Memorandum

The plaintiffs seek to recover from the defendant $27.50, a portion of wages which were due to the defendant as a brakeman for the Pennsylvania Railroad on August 20, 1926, when the plaintiff's claim to have purchased that portion of his wages then earned, for the sum of $25.00. The defendant claims the transaction was a usurious loan, and that the plaintiff not only forfeits interest under the general usury act of the state, but that under an act of 1884 for the better securing of wages to workmen and laborers (3 Comp. Stat. 3048, Sec. 113 and 114), and under the act of 1914 to define etc., loaning of money in sums of $300.00 or less (1st Supp. to Comp. Stat. page 42 etc.), the plaintiff loses the principal as well.

The transaction took the form of a purchase of earned wages. The Pennsylvania Railroad pays its employees twice a month, and the defendant was entitled to his pay warrant within ten days or two weeks after his dealing with the plaintiffs. The transaction was in reality a loan of money. The only concern which the plaintiffs could have had in their dealings with the defendant was to obtain from him in cash $27.50, when that sum had been collected from the Railroad Co., in lieu of the $25.00 which they advanced to him on August 20th. Wages are not a commodity. At the date in question they were money due from a solvent debtor payable at a fixed date. The substitution of some form or device which is supposed to give the semblance of a purchase, in the endeavor to cover up a usurious loan is familiar to all. The law, however, regards the essential nature of the transaction not the incidents created to give it a fictitious color. The plaintiffs had, and could have, no interest in the purchase of the defendant's wages, except to obtain for the money which they gave him on August 20th a greater sum than they would be entitled to for the use of the money at the legal rate of interest. After examining the careful briefs submitted in the plaintiff's behalf, I am confirmed in the opinion expressed at the hearing, that the transaction is indubitably a usurious loan. The only question remaining is whether, under the special statutes invoked by the defendant, the plaintiffs forfeit principal as well as interest.

The act of 1884 above referred to, upon any reasonable construction of its language, applies not only to the purchase of wages due at the time of the purchase, but to wages for labor which might thereafter be performed by the laborer or employee. Such is the natural import of the language, and it is consistent with what was presumably the legislative intent. But while the statute forbids usurious interest and makes the exaction of interest at a greater than legal rates a misdemeanor, it does not in express terms avoid the contract. My conclusion therefore is that while one violating the provisions of this act by a purchase of wages on such terms as would amount to a usurious loan, renders himself liable to prosecution for misdemeanor, the validity of the contract is not affected, other than by the general laws of the state respecting usury, which forfeit only the interest, leaving the principal still due.

The statute of 1914, however, above referred to, regulating the business of making loans in sums of $300.00 or less, apparently covers the situation as displayed by the testimony in this case. The plaintiffs come within the class to which the statute applies. They are not casual or occasional lenders, but are engaged in the business of loaning money in sums of $300.00 or less, and under the statute are brought within the control of the Commissioner of Banking & Insurance, and required to take out a license. That they are in such business is shown by plenary evidence. The law forbids any person from engaging in such loaning business without a license, and makes a person violating the inhibition of the statute subject to the provisions of the act. The purpose of the act evidently is to subject the business of loaning in small sums to the supervision and examination of the Banking Department of the State. A special rate of interest is allowed, greater than the ordinary legal rate, not to exceed three per centum per month. The 6th section of the act not only makes the violation of any provision a misdemeanor, but renders the loan absolutely null and void, and permits the borrower to recover from the lender any and all sums paid or returned on account of, or in connection with, such loan. While the language of the statute is that the borrower shall be entitled to recover sums paid or returned on account of the loan, it is necessarily equally effective to prevent the lender from recovering the money loaned on this transaction, which is expressly declared to be null and void.

There will be a judgment for the defendant.

Chas. L. Carrick,
Judge

SLANDER AND LIBEL

Please be careful to utter no slander and write no libel upon any person. This applies to private conversations, to speeches in conventions, and private letters and to articles and pamphlets.

One reason for this is that if you are telling the truth against somebody you will probably not be able to prove it in court, and another is that experience has shown that the wrong sort of people are most likely to take legal action for redress and damages, because they frequently rely unduly upon their belief that the alleged matter cannot be proven according to the rules of evidence in a court of law. In this they are frequently right.

Another reason is that severe criticism of the morals, habits, methods or purposes of other people will neither advance nor protect our interests. The reason we advise you about this is that it is not unusual for a person having suit for libel or slander to sue the employer for statements made by an officer or employee in the course of, or in connection with the business of the employer. We must recognize that juries are frequently liberal in awards of damages in slander and libel suits.

PROMOTIONS

The following promotions have become effective in the ranks of Beneficial Operating Bureau:

Mr. E. C. Millard, former assistant to the Southern Supervisor to Eastern Supervisor, in charge of 28 loan offices in the states of New Jersey and Pennsylvania.

Mr. Frank Hallowell, former Loan Manager at Camden, N. J. to Traveling Auditor.

Mr. James F. Bryant, former Assistant Manager at Roanoke, Va. to Loan Manager at Augusta, Ga.

Mr. Harold C. Stowe, former Assistant Manager at Lansing, Mich, to Loan Manager at Benton Harbor, Mich.

Mr. Harold W. Kelly, former Assistant Manager at Providence, R. I. to Loan Manager at Biddeford, Me.

Mr. Samuel P. Robinson, former Assistant Manager at Columbus, Ohio to Loan Manager at Clarksburg, W. Va.

Mr. Harry P. Baylie, former Assistant Manager at Camden, N. J. to Loan Manager at Elgin, Ill.

Mr. John F. Reynolds, former Assistant Manager at Trenton, N. J. to Loan Manager at Hazleton, Pa.

Mr. Alvin E. Young, former Assistant Manager at Jersey City, N. J. to Loan Manager at Lebanon, Pa.

Mr. Charles J. Ahearn, former Assistant Manager at Providence, R. I. to Loan Manager at Portsmouth, N. H.

Mr. Harrison A. Moore, former Assistant Manager at Williamsport, Pa. to Loan Manager at Pottsville, Pa.

Mr. John A. Schmitt, former Assistant Manager at Germantown, Pa. to Loan Manager at Savannah, Ga.

Mr. L. C. Davis, former Assistant Manager at Boston, Mass. to Loan Manager at Somerville, Mass.

Mr. Justus Ehlers, former Assistant Manager at Roanoke, Va. to Loan Manager at St. Petersburg, Fla.

Mr. William C. Hill, former Assistant Manager at Jersey City, N. J. to Loan Manager at Union City, N. J.

Mr. William H. Lamson, former Assistant Manager at Bangor, Maine, to Loan Manager at Waterville, Maine.

It also announces the following additions to its traveling staff: Mr. Herman C. Moore, formerly of Baltimore, Md., is now assistant to the Eastern Supervisor of Beneficial Operating Bureau. Mr. E. C. Millard, with headquarters at Philadelphia, Mr. James C. Lewis, formerly of Norristown, Pa., is now assistant to the Southern Supervisor, Mr. Everett F. Moore, with headquarters at Philadelphia.

The Beneficial Operating Bureau has opened still another office:

Personal Finance Company at Greensburg, 107 South Main Street, Greensburg, Pa.

MARYLAND

The January meeting of the Maryland Industrial Lenders Association was called to order promptly at 8:00 o'clock P. M. by Chairman Hood.

There was an exceptionally good attendance at the meeting, 85% of the membership reporting present. Following are the reports of the standing committees:

Mr. Baseman, treasurer, reported all bills paid to date, leaving a balance of $534.43 in the treasury.

Mr. Holden, Chairman of the Publicity Committee, was reported as being ill by Mr. O'Neill, who stated that he was not in a position to make any report on the efforts of the Publicity Committee. We are sufficiently acquainted with Mr. Holden's methods to know that his committee is, and has always, functioned at top speed.

Mr. Bryant made a splendid address on the subject of the Exchange Bureau, in conjunction with his report of his activities as counsel for the Association during the month. It was gratifying to hear Mr. Bryant say that he had succeeded in some educational work with the *Baltimore Sun*, who now feel that we are, at least, better than the old crowd.

Attention has been called to the fact that certain lenders, selling stock in their companies, were creating the erroneous impression that the stock in itself was a guaranteed investment and supervised by the Bank Commissioner's office.

Mr. Bryant, among other things, recommended that the Association go on record as doing something for the benefit of the community at large. This is a very worthwhile suggestion and certainly is food for thought.

We had the rare pleasure of having Dr. Mueller with us. He paid tribute to Mr. Bryant for his efforts in behalf of the Association.

Quite a vigorous and educational discussion as to the value of being a member of the Maryland Industrial Lenders Association was engaged in by Messrs. Mueller, E. F. Moore, Wood, Bishop and Rosenstein.—J. L. ROSENFIELD, *Secretary.*

OBITUARY

We record with regret the death of Jonas Henderson at the age of 76, in Louisville, Ky., the father of B. E. Henderson, assistant general manager of the Household Finance Corporation of Chicago. We extend to Byrd and his family our sincere sympathy.

INDUSTRIAL LOAN BODY HAS MEETING

Officers of State Association Are Elected at Annual Convention Here

J. E. Burnett, of Richmond, was elected chairman of the Virginia Industrial Lenders' Association, which held its ninth annual convention in the Hotel Richmond, January 20. Other officers named at the same time included J. J. Price, of Roanoke, vice-chairman; E. F. Fenner, of Norfolk, secretary; J. S. Edge, of Richmond, treasurer, and L. E. Pope, of Richmond, chairman of the executive committee.

Opening at 9:30 o'clock, the convention closed with a banquet in the Winter Garden of the hotel, which continued until an early hour the next morning. Two business sessions were held, one in the morning and the other during the afternoon.

YOUNG LAWYER SPEAKS

At the morning session, Virgil R. Goode, young local attorney, addressed the members of the association on several phases of the small loan law in Virginia and some of its effects. He described the conditions which existed before legislation stopped the practices of what he described as "loan sharks" and "bootleg lenders."

He pointed out that a business man's failure to obtain a loan usually entails only business disappointments, while a working man's failure quickly to raise money "frequently results in domestic suffering, and often disaster."

Mr. Goode continued: "The greatest distinction is in the opportunity of procuring the loan. The business man whose loan is large in comparison, can go to a bank and give security, which reduces risk to a minimum. The bank's system of handling such loans is so standardized that the expense of doing so is a small item.

"Therefore, the banks will accept this business and can make a fair profit by charging the conventional rate of interest of 6 per cent. But what about the working man?

SAYS CHARGES ARE REASONABLE

"He wants only a small sum. A survey shows the average to be about $75. The actual expense of investigating, making and collecting this loan would equal that of a business loan of several thousands of dollars. Further, the absence of marketable security greatly increases the risk, and hence such loans cannot be handled by banks at a profit for the expense of operation and degree of risk govern the returns on all investments, including the lending of money. We find, then, that the banks turn away from their doors this great class of small borrowers.

Speakers at the banquet included Mayor J. Fulmer Bright, who welcomed the convention to Richmond; William Young, of Philadelphia, who briefly reviewed the small loan business throughout the country, and Dr. J. M. Rowland, who made a humorous talk. Little Miss Jane Lodge gave several specialty dances and an orchestra played for dancing.

Officers retiring yesterday included L. E. Pope, of Richmond, chairman; J. E. Burnett, of Richmond, treasurer, and H. M. Fenner, of Norfolk, secretary. —*Richmond Times Dispatch, 1-21-27.*

NEW MEMBERS

We welcome the following new members enrolled since last month and suggest that they be added to your 1926 year book directory:

Personal Finance Co., 473 Broadway, Bayonne, N. J.

Fairmont Finance Corporation, Fairmont Trust Co. Bldg., Fairmont, W. Va.

Personal Finance Co., 4 Parke Snow Bldg., West Somerville, Mass.

Personal Finance Co., 363 Main St., Middletown, Conn.

Personal Finance Co., 71 W. Pearl St., Nashua, N. H.

Beneficial Loan Society, 5 Washington St., Biddeford, Me.

Beneficial Loan Society, 179 Main St., Waterville, Me.

Popular Finance Corporation, 1951 Irving Park Blvd., Chicago, Ill.

Popular Finance Corporation, 1145 Griswold St., Detroit, Mich.

Popular Finance Corporation, 4710 Irving Park Blvd., Chicago, Ill.

Personal Finance Co., 2½ N. Main St., Concord, N. H.

Popular Finance Corporation, S. E. Cor. Broadway & Federal Sts., Camden, N. J.

Personal Finance Co., Room 201 rear 5 Market Sq., Portsmouth, N. H.

Household Finance Corporation, 407 Erie Trust Bldg., Erie, Pa.

Household Finance Corporation, 5050 Joy Road, Detroit, Mich.

Household Finance Corporation, 4753 Broadway, Chicago, Ill.

Household Finance Corporation, 2355 W. 63rd St., Chicago, Ill.

Household Finance Corporation, 703 Prudden Bldg., Lansing, Mich.

Personal Finance Co., 414 Wysor Bldg., Muncie, Ind.

Atlas Loan Society, 302 Freeman Bldg., Atlantic City, N. J.

Atlas Loan Society, 23 Broadway, Camden, N. J.

Household Finance Corporation, 308 Waukegan Natl. Bank Bldg., Waukegan, Ill.

United Small Loan Corporation, 7 E. Long St., Columbus, O.

Household Finance Corporation, 131 W. Lafayette Blvd., Detroit, Mich.

Personal Finance Co., 410 Logan Trust Co. Bldg., New Kensington, Pa.

Household Finance Corporation, 9 S. Wedzie Avenue, Chicago, Ill.

Personal Finance Co., 408 Daniel Bldg., Danville, Ill.

Personal Finance Co., 107 S. Main St., Greensburg, Pa.

Household Finance Corporation, 430 E. Saginaw St., Flint, Mich.

Household Finance Corporation, 1339 W. Erie Ave., Philadelphia, Pa.

Personal Finance Co., 12 N. Main St., Council Bluffs, Ia.

Household Finance Corporation, 875 Broad St., Newark, N. J.

Household Finance Corporation, 180 W. Michigan Ave., Jackson, Mich.

RHODE ISLAND

The regular meeting of the Rhode Island Industrial Lenders Association was held on December 16, 1926 at the Biltmore Hotel, Providence, Rhode Island.

Meeting was called to order by Chairman Rich at 7:30 P. M.

Fourteen (14) members were present. Mr. A. G. Zimmerman and F. Lovegrove also were present.

Treasurer being absent, his report was read by the Chair and accepted.

Secretary reported on total membership and stated they were all in good standing. Mr. D. W. McGray moved that it be accepted and being seconded by Mr. C. C. Rock it was carried.

COMMITTEES

Membership:—Reported on one (1) new applicant. It was moved and carried to accept this report.

Chair read a letter from Mr. L. C. Harbison as to having some one in this state who would keep posted on all Legislative matters affecting Small Loan business, and that a full report be sent at once to Legislative Committee Chairman of American Industrial Lenders Association of any bill introduced in our assembly and of its progress.

It was moved and carried that a Legislative Committee be appointed and the following members were named:—Chairman G. F. Lewis, F. A. Pomfret, D. W. McGray and E. LaGueux.

It was also moved to have Secretary answer Mr. Harbison's letter. Our Association Attorney was mentioned as being likely to know promptly of any Legislative Bills immediately upon their being introduced and Secretary was instructed to ascertain if he would undertake to keep Mr. L. C. Harbison, Legislative Committee Chairman of the American Industrial Lenders Association posted on all such matters.

The Small Claim Bill sponsored by the Credit Men's Association was discussed and members were favorably impressed, from what knowledge they had it was decided to get more definite information and Secretary was instructed to invite a Representative to be present at one of our meetings.

It was moved and carried that the Vigilance Committee investigate any Loan Office who has a State License, similar to our own and advertise that they make Second Mortgage Loans.

The resignation of Mr. Neal from Constitution and By-Laws Committee and from Executive Committee was read and it was moved to lay same on table. Carried.

It was moved and carried that rules be suspended for the purpose of acting on membership application of F. Cipolla & Son, Inc. They were then duly elected as members.

Mr. F. Lovegrove moved that no member or group of members of the Rhode Island Industrial Lenders Association take any action affecting any member or members of this Association without first bringing matter up before a regular meeting of our Association. Upon being seconded by Mr. Lewis, it was carried.

E. LAGUEUX,
Secretary.

LOVING CUP PRESENTED

At the annual meeting of the Connecticut Industrial Lenders' Association held at the Hotel Taft in New Haven, Connecticut, on January 19, 1927, Mr. Hugh P. Stephenson, Vice-President and General Manager of Branches of the New England Equity Corporation was presented a silver loving cup by the employees of the Connecticut offices of his corporation. It was a complete surprise to "Steve" but he arose to the occasion and responded in a fitting manner.

MEETING SCHEDULE

MARYLAND—Baltimore, February 9.
RHODE ISLAND—Providence, February 17.
IOWA—Des Moines, February 17 and 18.
WEST VIRGINIA—Parkersburg, February 24.
PENNSYLVANIA—Scranton, March 24.
MICHIGAN—Jackson, April 21.
TENNESSEE—Memphis, May.

NEW YORK CITY COLLECTIONS

Members having accounts in New York City may like to try the services of Henry Salant, Attorney and Counselor-at-Law, Potter Building, 28 Park Row, New York City. He has rendered satisfactory service to some of our members on the following basis: 50% of any amount collected and no fee if there are no results. In other words, his charges are on a purely contingent fee basis. As New York Laws prohibit an attorney from advancing disbursements in consideration of getting business, and since the Appellate Division has recently intimated in a decision that these rules with reference to attorneys will be drastically enforced, it will be necessary for the client to advance the disbursements, which in the case of industrial loans never exceed $5.00 and most often are less.

LOAN MANAGERS AND INVESTIGATORS WANTED

There are a number of openings in a large chain organization for loan managers and outside men or investigators.

This particular chain has more than 100 offices with corresponding opportunities. Its expansion program calls for the opening of several additional offices before summer.

We have opened 27 new offices since October 1, 1926. Permanent positions with prompt advancement for those who qualify by proving themselves to be honest, industrious, and willing to study the policies as well as the practices of a large corporation. Give full particulars of your experience, if any.

Beneficial Operating Bureau,
Suite 1600,
468 Fourth Ave., New York City.

POSITION WANTED

MANAGER with four years' experience in Chattel Loan Business would accept any position open with opportunity for advancement. Age 25. E. C. Gooch, General Delivery, North End Station, Detroit, Michigan.

OHIO

We extend our hearty congratulations on the following announcement:—

The Economy Savings and Loan Company anticipate with pleasure the opportunity of showing you our new home at 1028 Huron Road, or 1027 Prospect Avenue, on Saturday, January the twenty-ninth, from one until nine P. M.

"We start our thirty-fifth year with complete and modernly equipped quarters, which will enable us to meet the public's requirements, and which we hope will please our many friends who have shown a real interest in the success of the Economy Savings and Loan Company."

LENDERS HEAR TONNAGE TALK

Freight Shipments Originating Here Total 210,000,000, Told

Speaking at the noon luncheon held in conjunction with the annual meeting of the Pennsylvania Industrial Lenders' association in the William Penn hotel today, Thomas A. Dunn, general manager of the Consolidated Ice Co. and chairman of the railroad and transportation committee of the Pittsburgh chamber of commerce pointed out some interesting high spots in the city's status.

More than 210,000,000 tons of freight originated in Pittsburgh in 1926 as compared with 50,000,000 tons in Detroit, 41,000,000 tons in Cleveland and 7,000,000 tons in Buffalo, he said. The local rivers moved 35,000,000 tons or more than the Panama and Suez canals combined. Bank clearings that were $2,500,000,000 in 1914 jumped to $9,175,000,000 or increased 232 per cent by 1926.

A. B. Buckeridge, manager of the newly formed Pittsburgh credit bureau, also spoke at the luncheon, describing the various functions and co-operative operations of his organization.

Charles H. Watts of New York was toastmaster at the luncheon. William Young, chairman of the American Industrial Lenders' association, is directing the business sessions of the meeting. J. B. Lafferty and H. W. Smith, both of Pittsburgh, were to speak at the afternoon session. Delegates were present from 24 cities of the state and the general arrangements committee is composed of C. W. Loupe, chairman; C. R. Fahringer, O. P. Bell and Frank Reed. —*Pittsburgh Press, Jan. 13, 1927.*

ON THE AIR

On Monday evenings, J. Jay Schlund, Vice President of the Public Plan Bankers, Inc., has been addressing the U. S. A. from W.G.R., Hotel Statler, Buffalo, N. Y., on the subject of industrial banking. Everybody is invited to "tune in" and listen.

Business is Good, Thank You

EVEN IN FEBRUARY—

The loan business is good all the time, even in February, if you know how. The loan men who claim that things are quiet this time of the year lack the knowledge of operating that enables their more successful rivals to profit by it. The course in loan office management sent out by The Industrial Lenders Technical Institute banishes the bugaboo of "February is a dull month." Loan business can be kept just as constant this month as in any other.

Experience teaches well but it has its limitations. It is based on the past. New methods are based on the future. New methods, the result of the vision of trained loan men, insure increased business throughout each month of the year. Offices that operate by the new methods find that, for them, there is no seasonal slump in business.

Experience plus study. That's the successful combination in the loan business. Be a man of vision. Learn this simple arithmetic of simpler loan progress—by taking the Institute Course. Write today for information.

Industrial Lenders Technical Institute

468 Fourth Avenue, New York City.

INDUSTRIAL LENDERS TECHNICAL INSTITUTE,
468 Fourth Avenue, New York City.

Please send me, without obligation, information about your course in successful loan office management.

Name .....

Street and Number .....

City and State .....

mail the Coupon today

BDC

Published for the men who are busy broadcasting for business.

CHERRY PIE

George Washington made it famou
You'll admit that you had never eve
heard of such a thing as a cherry tre
before little George chopped it down!

George did a lot of things for his cou
try but this act of popularizing the cher
tree was one of the best he ever did.

What a wonderful publicity agent o
Wash would have made! He certainl
knew how to get himself into public pri

You know, that is one of the be
things that can happen—this gettin
people to talking about you. Just so the
say the right things.

That is a part of my job with yo
I have an advertising service which
large number of small loan companie
receive every month. This service co
tains a well worked out supply of ad
vertising material, that when proper
used in local newspapers and in dire
by mail work, gets your story over
the people of your community in a plea
ant, interesting and dignified way.

My subscribers say that it gets th
business for them. Of course, that
the important feature; but this servi
also saves them a lot of time, becau
the advertising comes to them in suc
form that all they need do is tear o
each advertisement and hand to th
newspapers, or their stenographers.

I know that advertising work
the bug-bear of many a small loan Com
pany manager or owner. It takes you
time and thought away from oth
duties. You hate to prepare advertis
ments, sales letters and folders becau
these things are, perhaps, just a litt
out of your line of experience.

Advertising has been my sole work fo
several years; much of this time ha
been spent in preparing advertising fo
Small Loan Companies. When you g
such advertising as contained in m
monthly service for the very low charg
I make, then it really is good busines
for you to let me send you this materi
each month.

Just drop me a line and I'll send yo
a sample service and a descriptive folde
No obligation—of course!

A. A. Winter

N. A. WINTER

Industrial Lenders Advertising Helps

DES MOINES, IOWA

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INDUSTRIAL LENDERS NEWS

THE LIBRARY OF THE

)fficial Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

UNIVERSITY OF ILLINOIS

)l. XI, No. 9. Price, $1.00 a year.

'rominent Men Attend and Address the Sixth Annual Meeting of the Georgia Industrial Lenders Association

At the Atlanta Athletic Club, Thursday, January 27

A palatable chicken dinner was served nineteen guests and members. The ests present were Richard B. Russell, ief Justice, Supreme Court of Georgia; ajor J. L. R. Boyd, General Counsel, lanta Legal Aid Society; William ung, National Chairman, American In-strial Lenders Association; E. F. oore, Southern Supervisor Beneficial erating Bureau, Philadelphia; Jas. C. wis, Assistant Supervisor Beneficial erating Bureau, Philadelphia.

Members present were:

Beneficial Loan Society, R. McL. Tay-, Manager, Atlanta, Georgia. Beneficial an Society, C. C. Johnson, Manager, con, Georgia. City Investment Com-y, Henry Sharp, Manager, Atlanta, orgia. Fulton Industrial Corporation, L. Adair, Manager, Atlanta, Georgia. ster Loan Service, Inc., A. B. Madi-, Manager, Atlanta, Georgia. Per-al Finance Company, J. T. Bryant, nager, Augusta, Georgia. Personal ance Company, J. A. Schmitt, Man-r, Savannah, Georgia. Popular Fi-ce Corporation, C. T. Dismer, Man-r, Atlanta, Georgia. Popular Finance rporation, E. M. Steimle, Manager, anta, Georgia. Popular Finance Cor-ation, P. A. Kessler, Manager, Savan-, Georgia. Seaboard Security Com-y, C. Y. McCollum, Manager, Atlanta, orgia. Southern Security Company, L. Lassiter, Manager, Atlanta, Geor-. Security Industrial Corporation, R. Davis, Manager, Atlanta, Georgia. thland Loan and Investment Co., R. Lanham Manager, Atlanta, Georgia. ited Small Loan Corporation, C. S. mpson, Manager, Atlanta, Georgia.

mmediately after cigars were lighted irman Madison called the business ting to order and in his remarks told the progress the Georgia Industrial lders Association had made since its anization.

Chairman Madison then presented ge Richard B. Russell, Chief Justice the Supreme Court of Georgia, who le a short talk congratulating the nbers of the Association for the serv-they were rendering daily to those in d of small loans in order to tide them r in extreme emergency. Judge Rus-defined usury as exacting or charging reater rate of interest than allowed by the law, and while the interest charged by the Industrial Lenders under act of 1920 was apparently a high rate it was a very necessary rate on account of the heavy operating expense and little or no security and the great risk involved and that those who understood our business could readily see the necessity of charging three and one-half per cent per month on the unpaid balances. Every thing, he said, should be done to rid the State of Georgia and the City of Atlanta of the salary buyers, whose business is nothing but a subterfuge and is a usurious loan disguised as a sale. He then went into details as to how they operated and that he hoped the time would come soon when they would be forced, if they continued in business, to comply with the laws of the State of Georgia. A rising vote of thanks was tendered Judge Russell.

E. F. Moore, Southern Supervisor, Beneficial Operating Bureau, was then introduced by Chairman Madison and in his remarks he stated that the Beneficial Operating Bureau had opened twenty-nine offices in the past few months and in Cities and States where they were much needed. Two of the offices were opened in Georgia, Augusta and Savannah and two in Florida recently making three in all, Jacksonville, Tampa and St. Petersburg. In many of the cities in which they recently opened offices he said, they were welcomed by the local Chambers of Commerce and other Civic organizations with open arms. On the opening day of their Tampa office, he said, there were a great many people waiting to leave their applications for loans and that they retained fifty-six furniture applications after eliminating a great many that did not qualify. Mr. Moore outlined the manner in which his organization operates and stressed the point that loans on furniture to husband and wife were practically all that were considered. Mr. Moore received much applause after concluding his remarks.

Major J. L. R. Boyd, General Counsel, of the Legal Aid Society of Atlanta was next presented and in part stated:

"I believe this organization will become the greatest family welfare organization in the State of Georgia.

"While it is a business organization, in which the members are expected to profit, industrial lending is rapidly assuming the status of a profession, in that it requires special training, skill and ability and is to a great extent an administration of a trust.

"The industrial lender is the Trustee of Authority delegated to him by the State Department of Banking, to deal with a certain well defined group of borrowers who require skillful financial advice and considerable direction in the management of their affairs while being financed by the Lender.

"In the two years, in which I have had occasion to compare the industrial Lender in Georgia with other types of lenders, I have been favorably impressed with their re-actions towards a most trying situation arising by virtue of the fact that Industrial Lending is revolutionary and therefore little understood by our conservative civilization. It is revolutionary in that it is designed to take away from small borrowers certain liberties, which as a class, they seem incapable of using without abuse to wit: the liberty of borrowing money without reasonable ability to repay same. The Industrial Lender is a person pledged to lend money to people with little or no security and under terms and conditions which will enable such people to repay the same out of accruing wages and salaries.

"Industrial Lenders, as stated, have a very difficult time in carrying out the functions, which are assumed under the Uniform Small Loan Law, by virtue of the fact that the credit bootlegger, to wit: the loan endorser and the salary buying loan shark, have seen fit to contest the business of the Uniform Lender by deliberately overloading persons with credit and invoking the garnishment law in order to obtain first liens on the accrued wages that it is a duty of the Industrial Lender to contest credit bootlegging and to prosecute the same, is obvious.

"In contesting the business of the loan shark, or credit bootlegger, the Industrial Lender is protecting the credit field at large as it stands to-day. The Industrial Lender finances the small borrower enabling him to pay the department store, the grocery man, the doctor and druggist The credit bootlegger, sensing some apparently imperative need of the borrower

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NATIONAL OFFICERS, 1925-1926.

Chairman, Wm. Young, 220 S. 16th St., Philadelphia.

Treasurer, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—H. G. McMullin, 757 Main St., Hartford.

Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.

Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.

Ind.—F. L. Thompson, Shelbyville.

Iowa.—C. M. Debnert, 252 K. of P. Bldg., Des Moines.

Me.—H. S. Crosby, 163 Main St., Lewiston.

Md.—C. Howard Hood, 455 Calvert Bldg., Baltimore.

Mass.—A. Youngerman, 19 Pearl St., Boston.

Mich.—Norman Buckner, 5 S. Saginaw St., Pontiac.

N. H.—F. A. Brodeur, 999 Elm St., Manchester.

N. J.—P. L. Alberse, Romaine Bldg., Paterson.

Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.

Pa.—E. B. Webster, 1612 Market St., Philadelphia.

R. I.—G. E. Rich, 26 High St., Pawtucket.

Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.

Va.—J. E. Burnett, 119 N. 3rd St., Richmond.

W. Va.—Sam Wormser, 3rd Ave. and Ninth St., Huntington.

Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.

Finance, W. P. Woll, 360 N. Michigan Ave., Chicago.

Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.

Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.

Publicity, L. K. Osborne, 32 Ruggery Bldg., Columbus, O.

Membership, F. L. Thompson, Farmers Nat'l. Bank Bldg., Shelbyville, Ind.

STATE SECRETARIES.

Conn.—W. J. Miller, 805 Main St., Hartford.

Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.

Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.

Me.—T. M. Fitzgibbons, 209 Clapp Bldg., Portland.

Md.—J. Rosenfield, 941 Equitable Bldg., Baltimore.

Mass.—D. J. Cote, 552 Mass. Ave., Cambridge.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.

N. H.—Sarah F. French, 413 Amoskeag Bank Bldg., Manchester.

N. J.—V. L. Buchman, Wilkinson Bldg., Trenton.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penn.—W. S. Herron, 404 Denckla Bldg., Philadelphia.

R. I.—E. La Gueux, 76 Dorrance St., Providence.

Tenn.—A. Rohm, 204 Mercantile Bldg., Knoxville.

Va.—H. M. Fenner, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

will thrust money upon him under misrepresentation as to terms of repayment, and in so doing largely destroying the usefulness of the Industrial Lender as a financing agency.

"The Industrial Lender, in addition to fighting the loan shark by direct methods, must continue his work of publicity. I suggest that a carefully worked out comparison of interest rates in the State of Georgia be compiled and published in order to illustrate that the rate of three and one-half per cent per month of the Industrial Lender, covering all charges commissions, interest and otherwise is in no wise excessive.

"Persons acquainted with the individual integrity of the Industrial Lenders in Georgia, never question the rates prescribed by law. It is very hard, however, for the Atlanta Legal Aid Society to continue preaching Industrial lending as a community asset, when the industrial lender is reserved and equivocal about his business.

"The Industrial Lender must recognize that he is a public official, administering a trust, a responsibility to the people for information as to credit conditions as they affect the poorer classes of citizens. This information should be disseminated, regardless of the cost, as part of the overhead of the business.

"The State of Georgia must be urged to put sufficient money in the administration of the State Department of Banking to justify the supervision of Industrial lending companies and assistance to such companies in improving credit conditions.

"There is no banking business as permanent as that of the Industrial Lender. His loans are built around that universal institution known as the home his security while not of great intrinsic value is quite capable of insuring the desire to repay. The strongest asset of the Industrial Lender is the good will of a business built up by virtue of the intimate relation of the lender and the customer. Other forms of lending may flourish depending largely upon the competition and money available by large capitalists for this field of investments. The Industrial Lender has no real competition except such as a doctor or attorney has in competition with other doctors and attorneys in building up business. The loan shark is rarely capable of getting into the industrial lending field for that requires tact, patience, considerable knowledge of bookkeeping and a belief in square dealing.

"It is my belief that Building and Loan Associations and Credit Unions will assume large proportions in Georgia as thrift agencies. It is my sincere conviction that the Industrial Lender will always maintain prestige as the peoples friend and the poor man's banker. I believe Secretaries and Treasurers of Building and Loan Associations and Credit Unions in Georgia will always unhesitatingly look to the Industrial Lender as a person to be trusted in financing persons who have not accumulated any reserve of money. I thank you." Mr. Boyd's remarks were much appreciated.

Chairman Madison appointed Mr. Thompson, Mr. Lanham and Mr. Adair as a Nominating Committee to recommend the nomination of an Executive Committee.

Immediately after the conclusion of Major Boyd's talk the business on hand was given attention.

The Secretary reported thirteen members all of which were in good standing and that eleven of the thirteen w members of the National Association.

The Treasurer made a detailed rep of receipts and disbursements from J uary 31, 1925 to January 27, 1927.

Upon Motion of Mr. Lanham and d seconded report of the Treasurer was cepted as read. An Auditing Commit Mr. Von Nunes and Mr. Taylor rea certified statement by L. A. Gilbert, sistant Cashier of the Fulton Natio Bank setting out the bank balance J uary 26, 1927, which was approved by auditors.

Mr. Steimle reported on publicity s ing that there had been considerable the *News Papers* regarding the sal buyers in connection with the Atla Chamber of Commerce, Legal Aid Soci and other Civic bodies. He furt stated that the Association "ad" had b running now on the back cover of *City Builder,* Official Organ of the Cha ber of Commerce for three years and t the *City Builder* contract would expire March 31, 1927 and asked that the newal of the contract be considered at time. After Mr. Moore, Mr. Taylor, Madison and Mr. Steimle discussed advisibility of including Macon, Augu and Savannah offices in the "ad" of Georgia Industrial Lenders Associat showing full membership of the Geor Association rather than just the Atla membership, it was moved by Mr. Tay seconded by Mr. Zachary and unanimou carried that the *City Builder* contract renewed for one year and that the Mac Augusta and Savannah offices not be cluded at the present.

Under report of the special commit Mr. Steimle, Executive Chairman of Banquet and Ball arrangements repor that all committees had efficiently fu tioned and that arrangements and det had been completed for the Banquet Ball to be held at the Capital City C on the evening of January 27, 1927.

Under new business, Legislation discussed and arrangements of for years were permitted to stand.

ELECTION OF NEW MEMBERS

The applications of the Personal nance Company, Augusta, Georgia, J. Bryant, Manager and the Personal nance Company, Savannah, Georgia, J Schmitt, Manager, for membership in Georgia Industrial Lenders Associa were read by the Secretary.

Upon motion and duly seconded Personal Finance Company of Aug and Savannah were unanimously ele to membership in the Association.

Mr. Bryant and Mr. Schmitt were g a cordial welcome and requested by Ch man Madison even though they w quite some distance from Atlanta they make every effort to attend quarterly meetings of the Associatio

At this point the Nominating Commi reported and recommended that the p ent officers and Executive Committee as the Executive Committee for the e tion of officers and Executive Commi for the ensuing year.

On the Executive Committee were B. Madison, Henry Sharp, E. M. Stei B. L. Lassiter and R. F. Davis.

Chairman Madison then turned Chair over to National Chairman Yo Mr. Young then asked from the floo there were any other nominations. Th being no further nominations motion made by Mr. Lanham, seconded by Taylor to close the nominations.

Chairman then directed the Secretary to cast one ballot for the nominees which was done. The Chair then declared the following as Executive Committee. A. B. Madison, Henry Sharp, E. M. Steimle, B. L. Lassiter and R. F. Davis. Then the National Chairman turned the Chair back to Chairman Madison.

R. R. Lanham, Manager of the Southland Loan and Investment Company read the following paper—

ENDORSED NOTE LOANS

The subject which has been assigned to me is one that I feel I cannot intelligently cover as well as some of the other members, for the reason that I am no doubt the least experienced of any of them, but it is hoped that from the papers on the subject, as to whether or not the endorsed paper is better than a furniture loan or vice versa, may bring some benefit to all of us.

The small loan act of 1920 put into effect a law for the protection of small borrowers and when the law was enacted, it's real meaning and purpose was not that it should be classified or specialized on, but on the other hand, it was enacted as a general law for all the classes, regardless of what collateral they had to offer or whether they had any collateral at all. In connection with this general law it is expected that the loan companies take care of all classes of people. Whether they be married or single, white or colored they should be and are entitled to consideration.

It may be said that self pride would keep one from borrowing on one's furniture or it might keep one from pawning the wife's ring, therefore, a provision must be made for the care taking of the various classes and in connection with this, I am satisfied beyond doubt that the endorsed note loan comes nearer taking care of the majority than does the furniture loan. When you have taken into consideration that all classes must be served, it is easy to determine that one iron clad rule and one specific commodity as collateral cannot and will not be sufficient to enable us to do that which was intended by the act.

The handling of the two different kinds of collateral have nothing in common, for as a usual thing the business conducted by a company using endorsed notes, is such that could not and would not be handled by a company handling only furniture loans, for the collateral is altogether different. At this particular time I think it well to call your attention to the fact that the endorsers which are used are not men such as a commercial bank would require, as some might think, but an endorser on a loan is looked at in the same light as my friends who are using the bill of sale and furniture as collateral. The fact that two or more endorsers are used on a $300.00 loan does not make the paper any more bullet proof than does $150.00 actual valued furniture make the bill of sale bullet proof. The risk is there and it was intended thus or the rate would not be justifiable.

I would like to call your attention to a few of the cases which could not be taken care of by a chattel mortgage on furniture, but which could easily be taken care of in the form of a note.

Young married couples who are both employed, boarding and have no furniture, should have a place to go to when in need and the endorsed note provides for such cases.

Another example is the young couples who have started to housekeeping and have no furniture paid for, although in their possession. How is the new baby, the doctor bills and the thousand and one things that might happen going to be taken care of if we have nothing but furniture loans.

It might be said that single people, especially young men have no need of borrowed funds. What disposition are you going to make of the express clerk making a small salary of $75.00 per month who is desirous of taking a night course in one of our several schools. Is he to be made the victim of sharks or deny him the right to equip himself for a better station in life because of the fact that he has no furniture.

Another advantage of the endorsed notes have over the household furniture loans is that it does not involve the property of the man's wife and children. It is my personal opinion that there is no law on earth that justifies the loan company taking the household effects where women and children are involved.

If for any reason the principal on a furniture loan cannot make his payments, there is no other recourse whereby you can get your money unless you foreclose on the furniture. If this procedure is necessary you not only hurt the husband himself, but the entire family as well.

On the endorsed note if the principal is unable to make his payments, you can call on the endorsers for settlement and when this is necessary you do not hurt any one in particular. Or if it is a case where the principal on an endorsed note makes no effort at all to take care of his obligation, suit can be brought and judgment obtained and under the Georgia law, garnishment can be filed and money secured. It is well to point out that even under the garnishment law, the wife and children are protected. First in the sum of $1.25 per day and one half of the balance after the $1.25 per day has been deducted.

I do not deem it necessary to continue naming individual cases, for I have no doubt that each and every one will agree that these several classes must be taken care of. I am sure it is impossible to take care of them all with one specific collateral and the main point that I hope to carry, is that they must be taken care of regardless of whether or not they have furniture. If this is not done the very purpose of our business is defeated.

In the reading of this paper, if I can get you gentlemen to see the necessity of using a paper that will accomodate all the lasses and not a class, I will feel that my efforts on this subject will have accomplished something worthwhile and it is absolutely unreasonable and we fool ourselves when we try to make believe that chattel mortgages on furniture will provide for the classes as a whole when it cannot be done.

When you have considered these facts in the light that they should be considered, you can readily see the many advantages of the endorsed note loans over the household furniture loans.

Respectfully submitted,
R. R. LANHAM.

This paper was open for discussion and those taking part in the discussions were Mr. Moore, of the Beneficial Loan Society and Mr. Taylor of the Beneficial Loan Society and National Chairman, Mr. William Young. Many good points were brought out but there was not sufficient time for a lengthy debate.

Paper entitled "COLLECTION SUGGESTIONS" written by Chas. T. Dismer, Manager of the Popular Finance Corporation of Atlanta, but who was not present, due to the fact that he was relieving the Manager of the Savannah office, was ably read by J. A. Schmitt, Manager of the Personal Finance Company of Savannah. Much favorable comment was made by several on this paper. Mr. Dismer's paper follows:

COLLECTION SUGGESTIONS

I wish to emphasize upon the time-worn suggestion of closing a loan. Impress upon your customer as forcibly as possible the importance of the paper they are about to sign. Insist upon the customer reading the paper over. This, I believe, will have a great bearing upon them. I have noticed that after reading over the paper, their attention in most instances is attracted to that part of our bill of sale which contains our bond which is double the amount of the loan. They ask why this amount. Very few ask questions regarding the clause pertaining to the removal of goods with out consent, or as to payments being made promptly. When mention is made as to the bond, this would be the proper time to call attention to the clause referred to above.

Some of you probably will take issue with what I am about to say regarding the setting of a date for making payments. Have your customer select a date that is suitable, assist them if necessary. Then tell them you will expect their payments to be made on that date. Don't say too much to your customer about being sure to make the payments when they are due. I have sometimes wondered, if dwelling on this too much, didn't impress your customer with the idea that you expected them to become delinquent. The banks, I believe when making a loan to a person date their notes thirty days from date and say no more about it, their notes as a rule are met very promptly. Purchase money notes on real estate are made to come due on a certain date, they too are taken care of when due within time limit allowed after maturity. Why are these payments met so promptly as a rule? They are obligations where moral character and security are involved the same as in our business. Does the man who obtains his loan from the bank repay promptly because this is his only bank connection and he must keep his credit good with them so that he can borrow when it is necessary? In most instances he pays prompt because it is his natural inclination to do so. And those who are inclined to be negligent with other obligations, make an effort to be prompt with their bank. The same can be true in our business, except in a few cases where for some unforseen cause the party is unable to meet their obligation although they would like to do so. What I have reference to is the regular slow, month and month out. I carry him and you carry him, although he runs a week, ten days or two weeks slow. Why? Because he WILL pay and when he runs slow he pays for it. We call his attention to this every month and we mention it to him when he renews BUT, I am not going to run him away. No sir; competition is too keen and I know he will pay. Competition has a great deal to do with people considering too lightly their obli-

gations. This subject was brought out recently and discussed at a meeting of the Retail Credit Men's Association and almost without a single exception it was found that the different firms did not push their accounts because the other fellow did not push his. So long as they paid it was all right. Now, all of this you already know and I would consider it a waste of time to stand here and tell you what you already know, if there was not a remedy for it or if I did not believe there was some practical way of improving these collections. I have a plan in mind that I feel sure can be worked out successfully, it will take time and coöperation and education of the borrowers. Take our exchange bureau which is operating so successfully today, this was accomplished through close coöperation and absolute confidence in one another, several years ago a large number of collections were made outside the office, this has been eliminated almost entirely. This was all brought about by education of the borrower. The plan I have in mind will no doubt meet some opposition, this I expect, and out of the discussion probably a better plan will evolve. My plan is this: Say Mr. Smith has an account with my office. His first two payments were made promptly. In all he has made ten payments, the other eight payments were running from two days to two weeks in arrears. I have called Mr. Smith's attention to these delinquencies each time, I have never reprimanded him harshly, but have mentioned it to him that his record of paying might reflect upon his credit, and may cause some delay in getting a loan through for him should he desire to renew at some future time. Later on Mr. Smith does come to us for a renewal of his loan. We take his application. Now, it would seem to me that some way could be devised without rejecting the application, of letting this man know that the only obstacle to prevent favorable action on his application is the fact that he has been negligent in meeting his payments when due on his present loan. This I think could be done by allowing Mr. Smith to make application to one or more of the other companies, and these companies, when clearing through the exchange would find that the only objection to this man's account was that he was careless in making his payments when due. These companies could then refer this man back to the people with whom he has been dealing and then I believe a more thorough understanding could be had between the two. This is only a brief sketch of a plan which I believe could be put into practical use.

Let us take the account that is still active yet is two or three or more months in arrears. There is a reason why this account is dragging. Perhaps a mistake has been made by making this man a larger loan than he is able to repay, or maybe he has had misfortune of some kind and is struggling along doing the best he can. If this is the cause, give the man a lift as often as possible by accepting partial payments or renewing his loan for smaller amounts thereby reducing his payments. Don't take advantage of this man because he is down temporarily, you may force him to do that which he is trying to keep from doing, bankrupting. As I say, encourage him by helping him to reduce his indebtedness with small payments. In this way you will weld a friendship that will fully repay you for the time and trouble you have spent with him.

Take what we might term the deadbeats: these are in the vast minority; occasionally we get one that doesn't make a payment on his loan or maybe he will make several payments and then stop, and while he doesn't say he won't pay any more at the same time nothing you say or do seems to have any effect on him. As you know you have very few of this kind to contend with. But these should be handled with the greatest of care, as they are the kind that cause you to sue and this we want to eliminate as far as possible. Persistency, is the thing, don't become worn out with them, stay with them, you can get something out of them. If the man has a good job work on him from that angle, if necessary take the matter up with his employer. If he is fairminded business man he will take note of what you are saying and I believe will use his influence in your behalf. You are doing a legitimate business so don't hesitate to talk to business men. But don't sue if you can avoid it. Remember the standard of our business has been raised wonderfully in the last two years. Let us not tear down that which we have labored so long and tirelessly to build, simply for a court verdict, which, when viewed from a monetary standpoint, we often find that while we have won, we have lost. The public sympathizes with the family who who have their household effects carted off to the court to be sold or with the man who has his salary garnisheed, whether he be right or wrong. So let us keep our names off the Court records as much as possible.

I am not going to dwell on local skips to any great extent, as they can generally be located in time. I will say though, that a more strict enforcement of the City ordinance requiring transfer companies and draymen etc., to make reports of parties they move, would be a great benefit in locating our local skips with less trouble. I have been very successful in getting information from the gas and electric company in locating persons in the city.

The out of town skip is the one that has given me the most trouble. The ones that leave for parts unknown. And when finally located, it is some hamlet where you have no connection and there are no collection agencies. I try to get into communication with these skips and get a reply from them. I have then found that a letter of a friendly or insistent tone will get better results than one of a demanding nature. One of the best ways of locating out of town skips, I think is through life insurance policies. The appraiser should get this when he is at the home where he can see the policies, getting the name of the insured, the name of the company and the number of policy. I think that we could nip some of the skips in the bud, if we had some arrangement with the better class of used furniture dealers, whereby they could call our exchange and ascertain whether the party has a loan with any of the companies before they buy their goods.

I hope that some of the subjects mentioned here will appeal to you, you may have suggestions that are better than those read, let us hear from you, let us take the best and adopt them. If we never try a thing we cannot say what it will do.

Respectfully submitted,

CHAS. T. DISMER.

Upon motion of Mr. Moore, seconded by Mr. Lassiter and unanimously carried Mr. Lanham's and Mr. Dismer's papers were directed written in the minutes and mailed to each of the members.

The next paper read was by Mr. Taylor, Manager, Beneficial Loan Society of Atlanta, on "Furniture Loans." It was moved by Mr. Von Nunes seconded by Mr. Steimle that this paper be written in the minutes and distributed among the membership.

FURNITURE LOANS

First of all, a loan that is made on household furniture is made to husband and wife and is usually considered seriously by both parties before they enter into an agreement of any kind especially when it involves something tangible belonging to the persons securing the loan. The money in such cases is generally used for constructive or consumptive purposes, whereas a loan made on endorsement the need might be there but it hardly would be used if the wife would not care to enter into agreement. Such a loan is used without the knowledge of one or the other of the family and the result is disasterous to the family as a whole sooner or later.

We have personally come in contact with accounts and have them on our books now where the husband has had a series of endorsed notes or loans for the purpose of covering all of his small accounts and bringing them under one heading, a loan. The money was borrowed for a good purpose but the ease in which it was obtained caused him to be careless in spending the loan, in other words it was not used for the purpose for which it was borrowed. Such a loan is renewed from time to time, necessitating his obtaining endorsers each time. These endorsers have accommodated this particular applicant and the time comes when he will have to endorse for them. Sooner or later this party has been over sold and he is responsible for more than he will ever be able to take care of, and take care of his family as he should something has to be neglected.

There is on our books at this time a loan that was made in our usual manner of making loans to husband and wife this man had had a number of loans at companies similar to the Morris Plan he had increased the loan on his property from time to time and still he was unable to get out of debt only for the time being This was due to the fact that he did not have the coöperation of his family it was not a mutual agreement. The company making the loan was not interested in the man's personal affairs, they had good endorsers and could collect it any time that it would seem advisable. This applicant entered our office in answer to an advertisement that we had been running in the News Paper that we would make loans and budget the income of the family so that the contracting parties could get out of debt and stay out, he asked to see the Manager, after being shown to one of our private offices he wanted to know something of this budget service that we advertised. I explained in detail just what our service was and then he wanted to know what a three hundred dollar loan would cost him for the use of same for twenty months paying the principal back at $15.00 per month I gave him the total and he gasped, arose from his chair and started for the door I called his attention by some remark

nd he advised me that if I could show is wife that they could get out of debt nd stay out that he would be willing to ay $200.00 for the use of the money. 'his man left without leaving his appli- ation advising me that he would bring is wife to our office and have the system xplained to her. He returned with his ife that afternoon and after spending bout two hours with them she still could ot see how it could be done, not wanting) cut her household expenses had quite great deal to do with it. I suggested iat they go home and talk the matter ver as it had been explained to both and nought that there might be some things iat they would like to talk over privately. hey returned the next day and I took ieir application, made the loan, they pay ery promptly, are always in the office n or before the date due with the ioney, and in addition to that, they have small savings account. This applicant a street car man and draws about 135.00 each month plus $15.00 per month or some rooms he rented in his home, iere are five in his family and he is buy- ig his home. They had tried endorsed ans and loans on their property but was not until each one in the house- old entered into the agreement whole- eartedly that they were able to ccomplish their purpose.

When a loan is made every phase of ie applicants affairs must be entered ito, for the loan company when they iake a loan to a family become a partner f theirs and are entitled to know every inute detail. If the customer is im- ressed with these facts they will always iake good customers.

Being thoroughly sold on the loans only) husband and wife I could continue on definitely with cases that have come nder my personal observation and cite stances, facts that cannot be eliminated overlooked.

R. McL. Taylor.

IOTION

It was moved by Mr. Steimle and ily seconded that all three papers be scused at the next meeting of ie Association.

There being no further business the eeting adiourned until 7:30 P. M. at ie Capital City Club for their Sixth nnual Banquet and Ball.

After adjournment the Executive Com- ittee went into session and elected the llowing officers and Executive Com- ittee.

A. B. Madison, Chairman; Henry harp, Vice-Chairman; Edw. W. Stei- le, Secretary and Treasurer; B. L. assiter and R. F. Davis, Executive ommittee.

A. B. Madison, *Chairman,*
dw. M. Steimle, *Secretary and Treas.*

HE SIXTH ANNUAL BANQUET AND BALL OF THE GEORGIA INDUSTRIAL LENDERS ASSOCIATION WAS HELD AT THE CAPITAL CITY CLUB ON THE EVENING OF THURSDAY JANUARY 27, 1927

At seven-thirty P. M. practically all f the guests had assembled. The anquet hall was beautifully illuminated nd the tables were attractively deco- ated with pink and yellow roses and pink nd white carnations mingled with fern nd the baskets were tied with tulle. Many favors, paper hats, balloons, noise makers, etc., were to be found on the tables for the entertainment of the guests. The guests were escorted to the tables midst strains of soft music played by Troutt's Melody Orchestra.

Colonel Tillou Von Nunes, honorary member of the Georgia Industrial Lenders Association officiated as toast- master. There were ninety-seven guests present. The occasion was formal.

Among the honor guests were Richard B. Russell, Chief Justice, Supreme Court of Georgia, R. C. Bell, Justice Court of Appeals of Georgia, Luther Z. Rosser, Chief Justice Municipal Court of Atlanta, Wm. Young, National Chairman American Industrial Lenders Association, A. B. Mobley, Superintendent of the Georgia State Banking Department, C. N. Davis and Luther Roberts, of the Georgia State Banking Department, Geo. W. West, B. S Barker, and Milton Bell, of the Atlanta Chamber of Commerce, Major J. L. R. Boyd, General Counsel, Atlanta Legal Aid Society, Robert A. Sims, Federal Reserve Bank, Edw. E. Branch, L. S. Gilbert and T. B. Everett of the Associated Retail Credit Men of Atlanta, E. F. Moore, Southern Supervisor, Beneficial Operating Bureau, Philadelphia. The wives of most of these guests were also present.

During the dinner a beautiful organdy and velvet flower to be worn on their coats was presented to each lady with compliments of the Georgia Industrial Lenders Association.

Troutts Melody Orchestra, Foundation Four, of Radio Fame, Paul and John, Disciples of Harmony, and Fred Brigman, Basso entertained with delightful music and songs.

The address of welcome was delivered by A. B. Madison, Chairman of the Georgia Industrial Lenders Association.

Richard B. Russell, Chief Justice of the Supreme Court of Georgia, delivered a beautiful toast to the ladies, and for more than ten minutes he told of their beauty and charm, describing the lady as only Judge Russell can.

Wm. Young, National Chairman of the American Industrial Lenders Association, was next introduced and told of the usefulness the lawful lender was to the community describing many concrete cases.

In addition to this several good stories were told by Mr. Young. His remarks were much appreciated.

As the Toastmaster was about to introduce Mr. Milton Bell, Director of the Chamber of Commerce, Paul Crutchfield, as a black face, started up one side of the banquet hall toward the speakers table, and on the opposite side Fred Brideman endeavored to head him off but was too late. Mr. Crutchfield insisted upon making a speech. Mr. Brigman questioned Mr. Crutchfield's ability as a speech maker. He stated that he was handed ten dollars by some one in the audience to make their speech but that he did not know how to make the speech but that he had it written out and would not have much trouble. He finally consented to allow Mr. Brigman to instruct him. Mr. Brigman made the speech and Mr. Crutchfield repeated what was said immediately after him, which, of course, was entirely different but sounded very much like it and was a good comedy skit. This surprise number was well taken and appreciated by all.

Mr. Bell was then introduced and in part stated:

"Mr. Toastmaster, Judiciary, Ladies and Gentlemen.

"I see some of our distinguished Judiciary here tonight so it is with a great deal of temerity or unlimited nerve that I will inform the Supreme Court and other Judges of the law regulating the Small Loan Business. I feel sure that you who have actual operation of the law will understand me but I doubt whether the Judiciary will.

"The loan shark, when the small loan act was placed on the statute books of Georgia, said that they could not do business profitably at 3½% per month in fact they made no attempt to find out whether hey could or not, but immediately adopted the business of salary buying which is nothing more than a subterfuge—simply usurious loans disguised as sales and the poor people in Atlanta and the State of Georgia in fact the whole United States are being oppressed and victimized by these *sharks* engaged in this business and they are exorting enormous sums from their victims and it is a grave menace to society.

"There is what is known as the 1904 and 1906 act pertaining to small loans on the statute books of Georgia which permits a rate of interest on a graduated scale that amounts to about 5% per month. Upon investigation by the Legal Aid Society it was discovered that the so-called salary buyers were not even complying with either of these acts in so far as interest or other requirements of the law were concerned. The Legal Aid Society appeared before the City Council and showed that these outlaw companies were not giving the bond required by ordinance nor properly registering their names. It is appalling when you view the situation. There are from one hundred and twenty to one hundred and forty companies exacting from twenty to forty per cent per month or two hundred and forty to four hundred and eighty per cent per annum from our people. It can be safely estimated that these unscrupulous lenders are collecting usurious interest to the amount of $1,000,000 per year causing great hardship, and dire distress is caused the necessitious borrower and their dependents.

"I do not, on this occasion, like to use strong adjectives but these human vultures and buzzards are drawing the life blood from our people who must borrow for various reasons, their business is a disgrace to the City of Atlanta. The Chamber of Commerce and the Atlanta Legal Aid Society are making every effort possible to drive these merciless loan sharks from our Fair City. They are not after any individual engaged in the business in fact *I*, so far as I know, am not acquainted with any person engaged in this business but I am against the principle.

"The remedy is conviction in the Superior Court and a chain gang sentence for one or more of the individuals I believe, will stop this crime of usury and that is what it is, a violation of our penal statutes.

The Legal Aid Society through Major J. L. R. Boyd, General Counsel, and his associates consisting of the best laywers in the city are doing a great work and should be congratulated and given the support of every law abiding citizen.

"The Superintendent of Banks is here tonight and this law is under his supervision. He should not only supervise but enforce the law and prosecute all

violators with all the machinery of the State behind him. I want to commend this Association. You have proven that companies can operate successfully under the Small Loan Act and you are meeting a need and doing a great work and are obeying the law and you should be commended.

"The 'loan shark' under his subterfuge of buying salaries or wages who are feeling the lash of public sentiment against this method are now organizing what is known as endorsement companies with two offices, one to lend money and the other to endorse for the loan. They are getting at the individual in this way first charge for the endorsement second charge for the loan. The total cost to the borrower is about 35% per month or $3.50 for $10.00 loan for thirty days. This I understand violates the Small Loan Act. If this is so the power of the Courts should be used to forever put this practice out of business and punish the offenders."

Mr. Bell's address was received with much applause. Mr. A. B. Mobley, Superintendent of the Georgia State Banking Department was introduced and in his remark stated that he was very happy to be the guest of the small loan bankers, who operate under the supervision of his department, and that if the small loan business had not in the past received the supervision they were entitled to they would from now on and that his department would coöperate in every way possible and any violation of the small loan act that came to his attention would be immediately investigated and dealt with according to the law of the State of Georgia. Mr. Mobley's remarks were well received and appreciated.

Immediately after this the ball room was cleared and about fifty couples danced until one A. M. Plenty of punch was on hand for those who became thirsty.

The Sixth Annual banquet and ball was enjoyed by all present.

A. B. Madison, *Chairman.*
Edw. M. Steimle, *Sec. and Treas.*

PENNSYLVANIA

The committee in charge of arrangements for the next regional meeting of the Pennsylvania Industrial Lenders Association, to be held in Scranton, March 24th, has arranged an attractive program which will include the following speakers:

Rev. Dr. Joseph M. M. Gray, Pastor of Elm Park M. E. Church, Scranton; Hon. Albert W. Johnson, District Judge of the United States Courts at Scranton; Mr. E. K. Armstrong, Manager of Scranton Better Business Bureau, who will speak on "The Better Business Bureau vs. Fraud in Business"; Mr. R. H. Phillips, Advertising Manager of the Scranton Republican, who will speak on "Advertising."

INDIANA INDUSTRIAL LENDERS ASSOCIATION

Bulletin No. 15. February 15, 1926

New Members

Commercial Investment Co., 722 Clinton St., Ft. Wayne.

J. B. Gordon Co., Inc., 205 Citizens Trust Bldg., Ft. Wayne.

Legal Loan Co., Whitney Bldg., Bedford.

Legal Loan Co., 101½ W. 5th St., Bloomington.

Provident Loan Ass'n., Over E. Chicago Post Office, East Chicago.

Alfred L. Randall, 122 E. Washington St., Ft. Wayne.

Security Loan Co., 6½ S. Court St., Sullivan.

If you feel as Joseph Baum does at Ft. Wayne, every non-licensee in Indiana would be a member, he stepped out and secured three new members since January 1st. What say the rest of you. We still have a few more applications and there are still a few more lenders who should be members. Remember the Association is working for your interest at all times.

Publicity

Having not heard from Mr. Blumberg, the Chairman, I suppose he is still receiving the items from you.

Legislation

House Bill No. 69, introduced by Representative Born was indefinitely postponed.

Removals

Lincoln Loan Co., Indianapolis, from 515 to 309-11 Meyer Kiser Bldg.

Addresses Wanted

Roy T. and Mattie Pilkington, from Nashville, to Indianapolis.

Roxey Polston, alias Roxey Todd, from Nashville, to Indianapolis.

(Notice) In reporting skips, kindly ive full name including initials and wife's name in full.

Decisions

80 Ind. App. page 614 on page 618.

"Where one who owns or has an interest in personal property with full knowledge of his rights, suffers another to deal with it as his own by selling or pledging it, or otherwise disposing of it, he will be estopped to assert his title or right as against a third person who has acted on the faith of and been misled by his acquiesence. Actual presence of the owner (of the Chattel mortgage at the sale) at the time of the sale is not indespensable."

Same "Having waived his lien on the personal property described in his mortgage by consenting to the sale thereof at public auction, we do not see how he can have any right of action against appelant (Purchase) for the conversion of the property."

L50 N. E. Hawkins, et al vs. Motor Bank of Denver Col.

Syllabus number 4.

"In suit by mortgagee to restrain defendants from selling mortgaged auto under execution, where mortgagor admitted execution of mortgage in another State default of payment, and removal of car to this State without the consent of the mortgagee, objection that original mortgage was inadmissable, because not recorded in this State, and because it has not been shown that defendant has any notice thereof, HELD, without merit."

National Convention Committee

The following general committee was appointed by the executive committee to handle the National convention to be held in Indianapolis, September.

F. L. Thompson, General Chairman; R. F. Hartz, General Secretary; W. R. Teel, General Treasurer; R. C. Aufderheide, Chairman of Entertainment; C. H. Stratton, Chairman of Speakers; W. R. Teel, Chairman of Finance; H. H. Burrell, Chairman of Publicity; George Grinsteiner, Chairman of Registration; T. M. Kaufman, Chairman of Hotel & Transportation; W. R. Hancock, Chairman of Program; W. C. Chandler Chairman of Men's Reception Committee; Mr. R. F. Hartz, Chairman of Ladies Reception Committee; and That's That.

Ye Secretary,
R. F. Hartz.

MAINE

The January meeting of the Maine Industrial Lenders Association was held at the DeWitt Hotel, Lewiston, Maine Wednesday January 26, 1927.

Report of The Treasurer

The treasurer reported $82.33 in the bank.

Report of the National Convention attended by A. G. Zimmerman as delegate was read and ordered filed.

Reporting Committees

Secretary reported the free advertising received from the Annual Banquet and Dinner held at the Congress Square Hotel was much greater than any previous advertising of this nature ever received. Practically every English printed newspaper and every French printed newspaper gave a very fine write-up of the annual meeting.

New Members

The following new members whose applications were received were admitted to membership in the State Association: Maurice Dion, 21 Lisbon Street, Lewiston, Maine; Beneficial Loan Society, 17 Main Street, Waterville, Maine, represented by William Lamson, Manager. Beneficial Society at Portland Biddeford Branch, 5 Washington Street, Biddeford, Maine, represented by H. W. Kelley, Manager.

New Business

The Secretary read a letter from Charles H. Watts in which he called attention to the matter in which some of the loan offices advertised as follows: "Will lend from $25.00 to $300. Will lend from $30.00 to $300." This was expressed in some cases on the doors and windows of the loan offices. In the communication Mr. Watts recommended it would be much finer if this were changed to read "Loans up to $300" as some of them would not make loans as small as $10.00 while in other cases a few made them for less. On motion of Henri Crosby, Chairman, seconded by Wesley M. Snow, Treasurer, it was moved and seconded that where any individual lender, corporation or co-partnership advertised in the future that the advertising would be changed to read "Loans up to $300" when the amount is mentioned.

Membership present through Chairman Crosby expressed the desire that each and every member belonging to the State Association join the National Association and keep up their dues.

On motion of Mr. Small, Charles J. Bernstein of the Eastern Loan Company of Bangor, Maine was appointed delegate to attend the Massachusetts Industrial Lenders meeting at Boston on January 27 and file a full report at the next meeting. It was also moved and seconded by the membership that the railroad fare and return with one days stoppage between Bangor and Boston be paid Mr. Bernstein to reimburse him for necessary expense.

It was requested that the Secretary mmunicate with George W. Kehr, ational Secretary with respect to mini- im dues in the National Association.

A communication was read from ancis Thompson, Chairman of the ational Membership Committee asking at we file a list of licensees from the ate of Maine and also advise them ether the members belonged to the ational Association the State Associa- n or both, or if not at all. Secretary orted that this matter would be handled rectly with the National Membership airman as soon as time would permit.

The following guests attended the eeting: R. Earle Files, Saco, Maine; S. Speed, Portland, Maine; Robert aser and Gordon Skillings, Lewiston, aine; Attorney Franklin Fisher.

The membership expressed their re- et of the inability of A. G. Zimmerman be present as his remarks are always preciated by the members.

Visiting guest Attorney Franklin sher gave an interesting discourse on e high marks of big finance and dis- ssed various phases of the small loan w. A vote of thanks was given Mr. sher for his remarks.

The Secretary read an interesting per in regard to the value of state and ational organization membership per- ining to legislation, "skips," etc., which as well received.

THOMAS M. FITZGIBBONS, *Secretary.*

OHIO

O. I. L. A. Bulletin No. 16

Springfield, Ohio, February 19, 1927

Here follows the decision of Judge lexander of the Municipal Court of incinnati; and is sent to you as part f the service of the Association for the se of you and your attorney.

Extra copies may be had upon request. We are pleased to note that the decision in accordance with our opinion as set orth in the next to the last paragraph n Page 23 of the Survey.

J. FRED ANDERSON, *Secretary.*

Decided, February, 1927

0470 Joseph Shapiro, doing business as the Fifth Avenue Style Shop, vs The Modern Foundry Co., a Corporation.

The common law rule that an assignment of part of a claim was not enforceable at law unless obtained with consent of the debtor has been superseded, as far as claims on assignment of wages are concerned by General Code, Section 6346-12 providing that an employer's acceptance of more than fifty per cent of the assignor's wages shall be unlawful and void.

An assignment of fifty per cent of the assignor's wages is enforceable in Ohio in an action at law against the employer.

Samuel J. Ginsburg, for plaintiff.

Gatch, McLaughlin & Gatch and Robert P. Kleinmann, for defendant.

ALEXANDER, J.

Plaintiff alleges in his bill of particu- ars that on the 10th day of August, 926, he filled with defendant an assign- ent of wages, executed by Robert antrell, who was at that time in the mploy of defendant, a copy of said age assignment being attached and arked "Exhibit A," and that there as due on said assignment the sum of $37.50; that said employee was employed by defendant from the date said assignment was filed and for the past few weeks thereafter; that there was due him for services rendered by him to the defendant, a sum in excess of the amount claimed under said assignment, and that therefore there is due the plaintiff from the defendant the sum of $37.50 and his costs, for which he prays judgment.

"Exhibit A.

"I hereby assign 50% of my salary, wages, commissions or other moneys, due or becoming due from The Modern Foundry Company, to The Fifth Avenue Style Shop, to the extent of my indebtedness as aforesaid to said Fifth Avenue Style Shop, and I agree that if before my indebtedness, as aforesaid, is met in full I should, for any reason leave or discontinue in the employ of the said Modern Foundry, then this conveyance of my salary, wages, commissions or other moneys shall extend to any employer and to any and all moneys received or to be received from any other such employer until the full amount of my indebtedness to The Fifth Avenue Style Shop is fully paid. And I hereby grant to the said Fifth Avenue Style Shop or their representatives, full power to sign my name or to do any act and take all legal measurers necessary to collect my salary or wages, should I fail to faithfully and punctually make payments of the —— installments hereinbefore agreed to be made by me.

"I hereby agree that I will notify The Fifth Avenue Style Shop whenever I may make a change of address.

"I hereby agree that if any of the statements made by me in obtaining credit are incorrect or untrue, that The Fifth Avenue Style Shop shall have the right to retain as liquidated damages any moneys by me paid to the Fifth Avenue Style Shop as compensation for investigating the accuracy of my statements."

The defendant contends that the allegations of the plaintiff in his bill of particulars do not constitute a cause of action at law.

The assignment of wages is for one-half of the wages due or to become due to Cantrell. This suit is an action at law for the recovery of money only. There is no allegation in the bill of particulars that the defendant in any way assented to the assignment.

Defendant contends that inasmuch as this is an assignment of only a part of a claim, it is not binding on the defendant for the reason that he did not assent to it; and further that by splitting up an entire claim, it would subject him to liability in a multiplicity of suits. Defendant contends further that this assignment being for only part of a claim, the right of the assignee is not enforceable in a suit at law at the instance of the assignee against the judgment debtor only but may be enforced in equity and cites P. C. C. & St. L. Railway Co. v. Volkert et al, reported in 58 O. S. 362. This is probably the leading case on this subject in Ohio, and was followed in C. H. & D. Railway Co. v. The Lima Railway Supply Co., 6 C. C. (N.S.), 429, which was an action at law to recover on an assignment of a part of the wages due or to become due. Another case almost similar to the case at bar was that of Taneyhill v. The B. & O. Railway Co., 7 N. P. (N.S.), 487, where an employee assigned $5 of his wages to Tanneyhill, when there was $29 due the assignor. The court held (1) "An assignment of a claim is not rendered invalid by reason of the fact that it includes only a part of the amount due from the debtor to the assignor. (2) But the remedy of the assignee of such a claim is not in an action, at law, but in an action in equity."

In Williston on Contracts it is said in Section 442:—

"A debtor who is bound for the payment of a sum of money ..... can not be required to make performances in installments unless he expressly or impliedly agreed to do so, ... nor can the law fairly subject a debtor to several actions where he has contracted to perform a single act. Therefore as the assignor himself is not entitled to bring action for a part, he can not in any way authorize another to do so; so that under ordinary procedure at common law, a partial assignee can not maintain an action, either in his own name or in that of the assignor ....."

In Ruling Case Law at Section 26, of "Assignments," it is said:

"Courts of law not exercising equitable jurisdiction do not as a rule recognize any assignment of a part only of an entire demand or chose in action.....

..... In the early history of the common law no assignment whatever of a chose in action was recognized, but later the assignment of an entire debt or claim was permitted in that the only inconvenience it caused was the substitution of one creditor for another. The relaxation has not been extended so as to take away the protection of another rule of the common law that a debt or entire claim arising out of a single transaction can not, at the will of the creditor and without consent of the debtor, be split up by assignment and several suits maintained on it. Since a debtor has a right to pay his debts in solido, he has the privilege of refusing to be subjected to suits by several claimants, and no notice of an assignment of part of a debt can destroy this right of the original debtor without his consent."

There is no question that all of this was good law before the passage in 1923 of "An act relating to assignment of wages" being Section 6346-12 of the General Code of Ohio, and appearing in 110 Ohio Laws as page 209, as follows:

"It shall be unlawful for any person, partnership, corporation, or firm to accept from any person any assignment of his personal earnings assigning more than 50 per cent of the personal earnings of the assignor. Any such assignment shall be void."

The defendant does not contend that it is impossible to assign one-half of one's wages; its contention is that unless the employer's assent is obtained, a suit on such assignment must be brought in equity.

The big question, and we think the only question, in this case is whether the statute passed in 1923, Section 6346-12 General Code, changes the old common law on the subject of assignment of fifty per cent of one's wages. On this question we find no reported cases, either in Ohio or in any other jurisdictions.

In enacting Section 6346-12 General Code, the Legislature of Ohio was not

taking away any constitutional right of the employee, by allowing him to assign only 50 per cent of his earnings, but it was exercising its police power, so that it would no longer be possible for a man to assign away his entire earnings, and come home to his family penniless.

Under Section 6346-12, General Code, it is impossible for a man to make a valid assignment of more than fifty per cent of his personal earnings, because it becomes unlawful for any person to accept more than said amount. A person is therefore prohibited from making a valid assignment of all of his personal earnings.

In the opening of the court, Section 6346-12, General Code, does change the old common law, because if the common law still prevails, which held that where an assignment of only part of the amount due from the debtor to the assignor, the action can not be brought at law, but must be in an action in equity, unless the assent of the debtor is obtained, it would in the opinion of the court violate Section 1 of Article 14 of the Amendments to the U. S. Constitution, which provides among other things, that no state shall deprive any person of life, liberty or property, without due process of law.

The employee can not arbitrarily tell his employer what he should do with his property; neither can the employer tell his employee how he should dispose of his property. If, therefore, the employee is prevented by Section 6346-12, General Code, from making an assignment of more than fifty per cent of his wages, and then on the other hand the court were to hold that unless he made an assignment of all of his wages, said assignment could not be enforced by an action at law, unless the employer assented thereto, the result would be that no employee in Ohio could make a valid assignment of his wages, that could be enforced in an action at law, without the assent thereto of the employer. Such a condition would certainly deprive the employee of his right to dispose of his property. If it was the intention of the Legislature to create such a condition, would they not have passed a law forbidding any assignment of wages by an employee, unless assented to by the employer? Furthermore, the moving factor with the courts in deciding this question, previous to the passage of Section 6346-12, General Cade, was the probability of involving the employer or debtor in a multiplicity of suits. Under Section 6346-12 General Code, the employer can only accept an assignment of not more than 50 per cent; of his employees personal earnings when he has accepted such an amount, he has accepted all of his employee's personal earnings that the law permits him to accept.

In the opinion of the court the allegations contained in plaintiff's bill of particulars state a cause of action against the defendant.

VIRGINIA

The regular monthly meeting of the Richmond Managers, members of the Virginia Industrial Lenders Association was held on Thursday, February 10, 1927, at 1 p. m. in the dining rooms of the Chamber of Commerce.

The Luncheon consisted of roast lamb, early June peas, mashed potatoes, rolls, corn muffins and coffee. Caramel custard and neopolitan ice cream was served for dessert.

Members present were Pope, of the United, Stroud, of the Beneficial, Burnett, of the Virginia, Gordon, of the Credit, Edge, of the Capitol, Schneider, of the Standard, Biel and Emison, of the Citizens. Guests were Virgil Goode and Oscar Schewmake. Chairman Burnett presided.

The resignation of Earl H. Biel, Secretary, was read by Chairman and accepted. Mr. Biel is being transferred to Philadelphia by his company. Members present expressed regret at losing him but wished him success in his new field.

Mr. Biel made a talk thanking members for their sentiments and continuing said: "I have always enjoyed the luncheons and get-to-gether meetings and have derived a great deal of benefit from the Association and believe that the luncheons and exchange bureau are a great factor for good. It is a pleasure to note how the Richmond members have coöperated in recent years. When I came to Richmond three years ago while the Association was functioning to some extent the coöperation was nothing like it is to-day. I will mention the last banquet which was undoubtedly the biggest event of its kind the Virginia Association has ever staged. Furthermore the exchange bureau in Richmond is now operating to perfection. It is my hope that the Richmond members will continue to work together to perpetuate the Small Loan Business in Virginia."

Mr. Gordon, of the Credit Small Loan Corporation, newly elected member of the exchange bureau advised members of the benefit he had already derived from the exchange in his three weeks of association.

Mr. Burnett, Chairman, advised possibility of getting a write up of at least one colum in the *Times Dispatch* every other Monday by inserting an ad for the various companies on the Industrial Page. Ad to cost about $2.85 per week. This means that each company would pay $2.85 for their ad on this page and every other week we would get a column write up on anything we desired pertaining to the Loan Business. Members agreed to investigate this phase of advertising and discuss same further at their next meeting.

Mr. Goode advised the association of the advantage to be gained in carrying an ad in the monthly magazine published by the Chamber of Commerce. He cited the class of people which this paper reaches and the splendid opportunity we had for putting our message across. Mr. Pope stated that this idea was worked out fine by the Atlanta members in the *City Builder* the official publication of the Atlanta Chamber of Commerce and had been a great means for putting their message across to the business men of that city.

Chairman Burnett advised members present that the booklets carrying Mr. Goode's address to the Annual gathering of the V. I. L. A. had been mailed to all members of the General Assembly and to members of the bar throughout the state.

No skips were reported at this meeting. It is requested that all members bring with them each month a list of their skips if they have any.

Mr. Schneider of the Standard Credit was present and was given a cordial welcome. He stated that he was very much enthused over the exchange bureau and would take up with his company abo joining. We hope that he will contin to meet with us every month.

H. S. Emison who succeeds Mr. B at the Citizens was elected Secretary the Richmond Association and welcom into the fold by the large number members present.

Members present expressed their a preciation for the good time enjoyed the last banquet. They were unanimous their opinion that it was the best that t association has ever staged.

The next meeting will be held March 10, 1927, at the Chamber of Co merce in the dining rooms at 1 p. *"Let's Go."*

H. S. Emison, *Secretary.*
Second Thursday in Each Month.

ILLINOIS

The semi-annual meeting of this A sociation was held Friday evenin January 28th, at the Hotel LaSall Chicago, and ninety-two were present.

A regular chicken dinner was serv at 6:30 P. M., to the apparent satisfa tion of every one present.

The business meeting followed, and o President, Mr. Albert P. Snite, opene the meeting with congratulations to t large number present and expressed a preciation of the growing interest of o members in attending these quarter meetings.

Four new members were voted on a unanimously accepted. Their names fo low: Household Finance Corporatio 2355 West 63d Street, Chicago, Illinois Personal Finance Company, Room 4 Daniel Building, Danville, Illinois; Pe sonal Finance Company, 16 Islan Avenue, Aurora, Illinois; Beneficia Loan Society of Elgin, Illinois, 19 Nort Spring Street, Elgin, Illinois.

A number of out of town visitors we with us and it was very pleasing to hav them with us.

Amendments to the Constitution wer unanimously voted so that future mee ings will be held on the last Thursda in October, January, April and July and the amount of annual dues i this Association was increased to $50.0 a year.

These changes were very carefully con sidered and approved by the Executiv Committee and it is our belief that a increase in dues will cover contingencie which arise from time to time and shoul do away with the necessity of future as sessments.

An interesting and instructive talk wa made by Mr. Charles R. Napier, ou Legal Counsel, on the requirements i this State for incorporation, and this wa explained in complete detail as well a the relative difference in State and Fed eral taxation of a corporation in com parison to the amount which would b payable in the case of an individual o partnership doing business.

Charlie Turgrimson of Chicago, wa called upon to tell the truth regardin his prize catch of a forty-eight poun muskalonge last season and held us al spellbound, and while we have no reaso to doubt this fish story, he finished by refusing to name the lake where thi famous fish was caught. We know Charlie can catch fish and will always ge his share.

J. H. Sanderson, *Secretary.*

Paper's Right to Refuse Advertising Upheld

Dailies Have Not Only the Right, But It Is Their Duty to Bar Untrue Statements from Columns, Judge Rules in Furniture Store's Action Against Rochester *Times-Union*

Reprinted from Editor & Publisher for February 5, 1927.

Rochester, N. Y., Feb. 1.—Right of a ewspaper to refuse to publish advertis- ıg that is misleading, untrue or other- ise in violation of ethical standards was pheld to-day by Supreme Court Justice ohn B. M. Stephens, Seventh Judicial istrict, in favor of the Rochester *Times- Inion,* a Gannett newspaper, in litigation rought by Amalgamated Furniture Fac- ories, Inc., of Rochester.

Court action was instituted by the fur- iture factories to compel the *Times- Inion* to observe a contract entered into arly in 1926 for the printing of 15,000 gate lines of advertising. When the ewspaper's investigation convinced it iat statements in the advertising copy ere misleading, it refused to continue ublication of them.

Claiming that it would be impossible to o business in Rochester unless its adver- sing was accepted and printed by the *imes-Union,* the furniture company ought an injunction order from Justice tephens to compel the printing of the dvertising during pendency of an action which the matter could be threshed it. The suit itself may yet be tried in upreme Court.

In its complaint the furniture company ated "that it is absolutely necessary and sential to plaintiff's business that an in- nction be granted herein at the com- encement of this action requiring the efendant in effect to continue to publish e plaintiffs advertisements from time to me during this action, as the same may furnished by the plaintiff within th rms of said contract. .....

"That plaintiff will not be able to sell is furniture now on hand and will not able to carry on the February furni- re sale as above described to any ad- ntage unless the defendant is compelled publish its advertisements with ref- ence to the furniture now on hand and th reference to said February furniture le during the pendency of this action d especially at this time and during the nth of January, 1927. .....

"That ..... deponent is informed and lieves that the defendant's newspaper s the largest circulation of any news- per in the city of Rochester, N. Y., d has especially a large circulation roughout the rural territory surround- g the said city.

"That the said defendant's newspaper thus the only medium of newspaper vertising which plaintiff can use in der to call to the seasonable attention the general public its wares and mer- andise."

The *Times-Union* maintained that it tained the right to censor or refuse ad- rtising of the furniture company when e contract was made, and that a rate rd, on which were the words "All Copy bject To Approval" was part of the ntract signed. On this important point, stice Stephens said:

'Whether or not the rate card was ade a part of the contract is not, as ove indicated, the only consideration; espective of the rate card, the defend- ant was under no contract obligation to publish untrue statements in its advertis- ing columns; it not only has a right, but it was charged with a duty, to refuse to give publicity to statements known to be untrue.

"This is not because, as one of the affiants seems to imply in his affidavit on behalf of the defendant, that it would be a crime to publish such an advertisement; he quotes, without labelling the source of the quotation, a brief phrase that occurs in Section 421 of the Penal Law relating to untrue and misleading advertisments.

"This statute does not brand the news- paper as a misdemeant, but rather the ad- vertiser; the former, though, cannot be compelled to coöperate knowingly in the commission of a crime, however formally binding his contract obligation may ap- pear to be.

"This is elemental in the law of con- tract."

Stephen J. Warren, counsel for the *Times-Union,* argued that the newspaper did not seek to refuse legitimate adver- tisements, but merely those intended to mislead the public. He produced affidavits showing that the plaintiff had no fac- tories, and made no furniture, although it advertised cheaper prices because its goods were manufactured in its own plants.

George J. Skivington, attorney for the plaintiff, declared the newspaper's refusal to print the advertising was due to pres- sure brought to bear by the Better Business Bureau. Mr. Warren readily admitted that the newspaper is a member of the Better Business Bureau, and that the bureau coöperated with the *Times- Union* in its investigation.

Judge Stephens' decision stated, in part:

"The motion was orally argued Jan. 14, 1927, and a few days later was submitted upon affidavit; the absence of a brief from either counsel has entailed addi- tional labor here, in umpiring a divergent claim of the litigants, each equally insist- ent upon the strength of his position; no guiding authorities had been cited by counsel and none had been discovered by independent research that has been neces- sarily limited.

"It has been assumed that there was a contract between the parties by the terms of which the plaintiff agreed to pay for space equivalent to 15,000 agate lines in the defendant's newspaper to be used be- tween May 1, 1926, and May 1, 1927, said space to be used in advertising the plain- tiff's business, and that the defendant agreed to publish the plaintiff's advertise- ment from time to time as the plaintiff should require.

"Pursuant to this contract, the defend- ant published in six different issues be- tween April 27, 1926, and Nov. 10, 1926, both dates inclusive, six of plaintiff's ad- vertisements occupying an aggregate space of 4,045 agate lines, but has re- fused, although plaintiff demanded that it do so, to publish any further one.

"The defendant claims to be within its rights in its refusal to furnish the re- maining contract space to the plaintiff on two grounds, (1) That the privilege of approval of the copies of the advertise- ment was expressly reserved to it in the contract, and (2) that the advertisements already published were untrue, deceptive and the copy for those it declined to pub- lish is of kindred character even if of- fensive in a lesser degree.

"If the rate card were a part of the contract, the defendant cannot refuse to approve copy without a reasonable ground for doing so, and even if it were not part of the contract, it has the right, in my opinion, to refuse to publish copy which contains a representation or state- ment of facts which is untrue, deceptive or misleading.

"The defendant submitted the affidavit of the solicitor of the plaintiff's patron- age to the effect that at the time the contract was signed he and the plaintiff's manager had before them and discussed a printed rate card, so called, which con- tains the detailed condition incident to running advertisements, the varying prices dependent upon the character of the business advertised and the space con- tracted to be taken, position which the advertisement should occupy in the paper, together with other details; among these several provisions but one bearing upon our present inquiry, 'All copy subject to approval'; the plaintiff's manager denies that the rate card having the above quoted provision in it was ever called to his at- tention; but that it was at least referred to seems to be established by the form of the written instrument executed by the plaintiff; the quoted provision may not have been the subject of discussion.

"Attached to the plaintiff's moving papers are copies of all of the advertise- ments that were printed together with the copy for the other ones which the de- fendant refused to publish.

"The defendant's precise ground for its action seems to be that the plaintiff states in its advertisements, both ex- pressly and in language susceptible to no other interpretation, that it manufactures the furniture which it retails in Roch- ester, while in fact, as the defendant is informed, the plaintiff owns no factory and makes no furniture.

"The plaintiff's place of business is well outside the general business section of the city, and his advertisements, in stressing its ability to sell at a price 40 per cent below its competitors, contain the statement, '17 Blocks Away from Higher Prices,' and more nearly to the point in its publication of April 27, 1926, in reply to the self-propounded question, 'How can you afford to sell at such low prices?' It states, among other things: 'Our merchandise comes in car lots from the factory.' Again on May 19, 1926, we find in a display advertisement: 'Forty per cent saving on your bill for house- hold goods when they are purchased from the Amalgamated Furniture Companies, Inc. How Is It Possible? Answer: Our merchandise is shipped to us from our

factories and arrives here on a railroad siding right at our door'; and yet, again, in the advertisement of May 12, 1926, it stated: 'We have the most elaborate daylight display of new and current numbers of furniture, built by our own factories for the furniture market'; this last mentioned publication is also criticized by the defendant because it is alleged to contain a lottery feature.

"The defendant produced affidavits tending to show that the plaintiff had no factories and made no furniture; I do not find in the affidavits submitted on behalf of the plaintiff any specific denial of the defendant's claim in this respect nor any allegation tending to support its published statement that the furniture it offers for sale is a product of its own factory; it is alleged, however, 'that it is the intention of the plaintiff herein under the powers granted to it under a said charter to enter the manufacturing field and to manufacture furniture and to acquire, own and operate furniture factories'; and again, there is a general allegation 'that there is no deception in connection with the plaintiff's advertisement or in connection with the use of its name nor was any deception ever intended thereby.'

"The copy for the later advertisements, however, which the defendant refused to publish did not contain the objectionable statements before mentioned; the defendant ceased to justify its refusal to publish them on the ground that the name alone of the plaintiff is deceptive and calculated to mislead; that it inevitably suggests a merger of furniture factories and produces the impression upon the purchasing public that the merchandise if offers for sale is produced by its combined or amalgamated factories, quite as strongly as the direct statements before quoted; and further, that to publish the plaintiff's advertisements in the later form would be an endorsement of those earlier published.

"The plaintiff, in its moving papers, ascribes motives to the defendant, founded upon conversations, alleged to have been had between its manager and representatives of the defendant; the latter denied the statements attributed to them; if they acted solely upon the grounds the plaintiff alleges it may well be that the refusal to publish the advertisements was unreasonable; on the other hand, if the defendant had a legal right to refuse, any other motive, even if malicious, which is not claimed here, is negligible.

"It follows from the foregoing consideration that the motion should be denied."

EXCHANGE BUREAUS

February's INDUSTRIAL LENDERS NEWS carries an item by Howard Bryant, of Baltimore. It seems as though the experience with Exchange Bureaus and Loan Files are pretty much the same the country over. After about six months' work in Columbus we finally in September of 1925, organized and got going the Columbus Industrial Lenders Association which to the present time has fifteen active members, all licensees under the Ohio law and making chattel loans.

In March of 1926, with the aid of Gerry Dirksen, we started plans to all obtain information through one Credit Bureau (Columbus having three) or to operate a Loan File. We hope that by March 1st, 1927, this Loan File will be ready to function, supported by 10 of the possibly 15 members.

The benefits to be derived from such coöperation of loan companies is quite apparent to anyone who has been in the business for a few years, as such an exchange will eliminate to some extent the necessity of filing mortgages, along with the six reasons quoted in Mr. Bryant's article as well as the nine suggestions in Mr. Wick's paper.

The seven grounds or I would say excuses for not joining an association can be summed up into one statement; why the Exchange of a quarter of a century ago failed which was *those who used the exchange became suspicious of those running the exchange which made the work of same burdensome to one or two who were attempting to operate it.* Jealousy and suspicion I think are the two big "bug-a-boos" with some few men in the loan business, as I really believe there are a few men in the business whose experience covers 15 to 20 years who have not been fully converted to the business as it should be conducted to-day.

As a loan man must protect the borrower as well as the stock-holders in his company if he wishes to render the proper kind of service, and since the prospective borrower does not always give you all the facts that you should have, your source of information is never too complete, and I feel that the Exchange Bureau is almost the cap or protecting "sheaf" in our "shock" of information, and the borrower whose account has been properly serviced (and there is scarcely no limit to the definition of the word "Service" between the lender and the borrower) is not very likely to try to establish credit somewhere else any more than the depositor at a bank would go out and seek somewhere else to start a checking account if the bank where he is already making his deposits is helping him the limit, even though they send him statements every month which is a practice of most banks. Then why should the man who is serving as no other line of business has an opportunity of doing be afraid or jealous or suspicious of his competitor.

A new company coming into the field may take a borrower off of my books to-day but ere a fortnight goes by he will be coming back to us again. There is so much to gain in a Loan Exchange or Credit Bureau and nothing to lose that the odds are all in favor of the Credit Bureau. That is if my 21 years of experience in the business is to mean anything to me.

As for saying that the business has been conducted successfully in the past without an Exchange Bureau that was before there were rates established governing the business and competition was less keen and when one could make a fair return from a much smaller investment. To-day where it takes volume investment to bring adequate returns and with competition growing keener each month the need for an Exchange Bureau or Loan File is all the more apparent. Our Loan File is to be conducted by parties disinterested other than from the monthly return they receive from us for distributing and making record of the information we give them.

AN OLD WAR HORSE.

EDITORIAL COMMENT

Under the caption, "The Slavery of Small Borrowers" editorially *The Saturday Evening Post* says in its issue of February 19, 1927:—

"Twenty years ago the loan-shark evil had assumed such proportions that a concerted drive was launched against it. Many oppressive practices were broken up and the rapacity of the usurers was made less effective. Largely through the efforts of the Russell Sage Foundation twenty-one states adopted small-loan legislation. These laws do not pretend to make credit cheap and easy, but at least they require the licensing and control of money lenders, they usually limit the interest rate to three and one-half per cent a month and they give the borrower a fighting chance to escape from life peonage."

About "salary buying" the editorial says:—

"The most vicious type of usury is practiced today under the appellation of 'salary buying.' The lender, to evade the law, frames a fictitious transaction in which the loan purports to be the purchase price of a claim on the borrower's next pay check. The borrower is often required to declare in writing that the transaction is a sale and not a loan. The procedure is simplicity itself. Suppose a salaried man has a sick wife or a new baby and stands in urgent need of a little ready cash. If he asks for twenty-five dollars, he will be required to 'sell' the lender an assignment of twenty-seven and a half dollars salary money due within a fortnight. When pay day arrives the lender will allow him to take up the assignment; but he is usually unable to do so the transaction is repeated, and another two and a half dollars goes into the loan shark's pocket. Such arrangements are often repeated month in and month out until the principal of the loan has been repaid over and over again."

"Salary buyers are not fastidious in their choice of methods of collecting either principal or interest. As many corporations discharge men whose wages have been garnisheed, the poor debtor stands in constant fear of the loss of his job. Other means for putting on the screws are easily found. The borrower is hounded and his life made miserable. The lucky ones are those who can persuade their employers to disregard assignments and stand suit. Salary buyers are never quite at ease in a court room and judges are rarely deceived by the frivolous pretense of a loan shark that he is, in good faith, a buyer and not a lender."

Continuing, the writer observes:

"Centuries of experience have proved that it is next to impossible to stamp out usury by mere process of law. No matter how drastic the statute, the necessitous borrower and the greedy lender will always manage to get together and do business. There is only one way to make the loan shark shut up shop and that is to set up a competition that he does not care to meet. In many cities this has already been done on a small scale; but the country as a whole is still virgin territory for the establishment of agencies for granting small unsecured loans at moderate interest rates to salaried workers. At least two far-flung chains of such agencies are in successful oper-

n. Most significant of all are the al and mutual lending organizations."

"Credit unions" come in for this con- ision:—

"In New York and Massachusetts so- led credit unions are assuming increas- importance and the opportunity for ir further extension and development almost unlimited. These associations d to members only. Borrowing mem- s pay a liberal but not excessive rate interest and those who lend get a nerous return upon their deposits. und management is all they require to ke them exceedingly useful to bor- wers and lenders alike.

"Loan sharks and salary buyers can- t thrive in competition with these credit ions. Any community or the employes any large corporation in the twenty- ur states which allow such associations y set up a credit union. The organiza- n of such bodies has been carefully ndardized and no pains have been ared to make them relatively foolproof. e Remedial Loan Department of the ssell Sage Foundation, at 130 East venty-second Street, New York City, s made an intensive study of these cieties and can give interested persons ll information regarding their estab- hment and operation.

"Our commercial credit machinery is rhaps the most perfect in the world; t we still have much to learn about ancing the emergencies of the little llow who has no assets save his aracter and no collateral but his bare nds."

OHIO

The mid-winter meeting of the Ohio dustrial Lenders Association, which as held at the Deshler Hotel in Colum- s January 26th, was somewhat unique that there was no fixed program. The ore or less informal nature of the busi- ss session, however, made the meeting the more interesting.

Colonel D. H. Pond of Cleveland, resident of the association, presided in s usual gracious manner, and kept ings moving in a lively and interesting ay from the time the gavel fell for e opening until the close of the session.

Virgil A. Jackson, president of the olumbus Industrial Lenders Association, livered the address of welcome. Mr. ckson, together with Vice-President K. Osborne and Treasurer J. P. ichael, all residents of Columbus, made e arrangements for the convention and ere highly commended for the success the affair. Mr. Jackson, in his ad- ess, told the delegates to the convention some of the glories of Columbus, and s promises of hospitality and good will on the part of the Capital City residents ere fulfilled. The response was de- ered by M. I. Dunlap of Greenfield. n an eloquent way Mr. Dunlap told ith what interest the people of a state or ation go up to their capital city, and he id that this was as true today of Ohio it was of ancient Rome. Mr. Dunlap's ldress was interpolated with a number interesting stories.

J. H. Dyer of Columbus, former resident of the association and one of ne leaders in industrial lending, was lled upon for a talk on the legislative tuation in Ohio. Mr. Dyer in an inter- esting and instructive way reviewed legislative activities as they have affected the small loan business over a period of years, and told of the development of the loan companies. The speaker said that up to this time no legislation had been proposed that would directly concern the small loan business although the small loan companies might incidently be affected by other bills that had been proposed. One of the proposed measures deals with a tax on certain forms of mortgages.

Taxation was discussed in an interesting way by B. F. Miller, attorney, who is connected with the Capitol Loan company. Mr. Miller has made a close study of taxation and his address was full of interest and highly instructive. He told how a balance of millions in the state treasury a few years ago had been wiped out almost entirely, and that with the demand for more money for public purposes, legislators and public officials were seeking new ways to raise the funds. Mr. Miller conducted a sort of round table and answered many questions concerning taxation and kindred subjects.

T. R. Schoonover of Lima, one of the directors of the association, gave a very enlightening talk on the subject of advertising. He told of his experiences with various forms of advertising and his contacts with advertising men. Some time ago Mr. Schoonover shifted his advertising from the classified columns to the news pages and used display advertisments which he himself prepared. In these he injected considerable human interest and ran the pictures of his company managers. Business increased phenomenally as a result. Mr. Schoonover related his experiences with the newspapers in Cleveland when he opened, some time ago, a new office in that city. He found that the advertising men were disposed to frown upon the small loan men, partly because of misdoings of the loan sharks of other days and partly because of the character of the advertising which the small loan men used. He convinced the newspaper men that the small loan business is conducted differently today from what it used to be and that the type of men engaged in it today compare favorably with those in banking, merchandising, the professions and other kinds of business endeavor. As a result of the heavy demands for loans as a result of his new form of advertising, Mr. Schoonover said, his company was compelled to suspend its advertising in certain papers until it could recruit more funds with which to care for the increased business.

Another speaker was Francis L. Thompson, Shelbyville, Ind., president of the Indiana Industrial Lenders Association. He told what the national association is doing and urged all the Ohio lenders to become members of it. Mr. Thompson also extended an invitation to every Ohio lender to go to Indianapolis for the national convention next fall. He gave an inkling of some of the things which may be expected there and said that no efforts would be spared to make it one of the greatest gatherings the association has ever held. He is chairman of the membership committee of the national organization and vice chairman for Indiana in the national association.

Letters expressing regret at inability to be present were read from William Young, national chairman, Philadelphia; Tate Harrison, national treasurer; L. C. Harbison, chairman of the legislative committee, A. I. L. A.; Howard T. Mattingly, chairman of the auditing committee, A. I. L. A.; Frank R. Hubachek, chairman of the law committee; W. P. Woll, chairman of the finance committee; George W. Kehr, Harrisburg, Pa., national secretary; Leon B. Henderson, Russell Sage Foundation, New York; Roy F. Hartz, secretary Indiana Association, and L. H. Beam, Mansfield.

Letters and telegrams were received from the Chamber of Commerce, the Hotel Association, Mayor Murray Seasongood and others of Cincinnati inviting the Industrial Lenders to hold their next convention in that city. These were supplemented by an appeal by E. E. Beyer, and Clifford Felix of Cincinnati. About 110 were registered for the business session and a larger number attended the dinner dance which was held in the evening.

The principal speaker at the dinner was John J. Lentz, president of the American Insurance Union, which has just erected in Columbus one of the five tallest buildings in the world. Mr. Lentz also is a president of an industrial loan company in Columbus. His address was an eloquent one, and was punctuated with many humorous and some rather touching stories. Mr. Lentz told how the industrial lenders can be of real service to humanity. He urged them to conduct their business always on a high plane and win and hold the respect of the public. The industrial lender, he said, would not be true to his calling if he did not try to instruct his clients in the way of thrift. After a loan has been paid at so much a month, he said, it is the duty of the lender, not to try to get the borrower to take out a new loan, but to urge him to lay away each month a sum equal to that which he had paid on his loan. In this way, Mr. Lentz said, the borrower could accummulate a fund and when the next emergency came he would have the money with which to meet it and he would not be compelled to borrow from other persons.

It has been suggested that Mr. Lentz be engaged to speak at the national convention, which will be held in Indianapolis. Col. Pond was toastmaster at the banquet and, the dinner over, many engaged in dancing for several hours. Excellent music was provided by the committee on arrangements and the floral decorations were profuse and beautiful.

On the afternoon before the convention the executive board held a business meeting. Reports of the officers showed that the affairs of the association are in excellent condition. The matter of fixing the time and place of the mid-summer convention was left in the hands of the executive board.

The officers of the Ohio Industrial Lenders Association, who have managed its affairs so successfully during the past year, were re-elected as follows: President, Col. D. H. Pond, Cleveland; Vice President, L. K. Osborne, Columbus; Secretary-Counsel, J. Fred Anderson, Springfield; Treasurer, J. P. Michael, Columbus; Executive board, these officers and T. R. Schoonover, Lima; C. G. Mueller, Philadelphia, and M. L. Anderson, Mansfield.

W. W. Taylor of Sandusky is vice president from Ohio in the American Industrial Lenders Association.

The Value of State Associations to the National Associatio and the Value of the National Association to State Associations

By Howard T. Mattingly

United, we should stand, Divided, we should fall.

A man expending his energy wholly on his own private interests, refusing to take part in public and business affairs, congratulating himself on his wisdom of minding his own business, is blind to the fact that his own business is made possible by the prosperity of all.

Thus, the answer of the value of the two associations to each other in my opinion is Coöperation, and what is its value? Unless the two coöperate there can be but little value.

I will tell you a story of a young man who made his way to the desk of a loan manager with the assurance of a customer in good standing. He was a thin bearded fellow, with dark piercing eyes under an old derby hat. "Good morning, Mr. Cohen," the manager greeted, "What can we do for you today?" "I want you to write for me a letter," said Cohen. "All right. To whom, and what do you want to say?" "My brother-in-law in west Baltimore, Jake Rosenfield, he owes me Three Hundred Dollars and I want he should pay it." The manager jotted down in pencil the name and address meaning to run it out on the typewriter later. "What next?" Cohen pulled down his derby hat with decision, "Say this, you owe me Three Hundred Dollars, your time is up, pay me the money. That's all." The manager wrote. Then he said, "All right Mr. Cohen, but what about a salutation?" "Salutation! what do you mean, salutation? Well, how do you want to start off the letter? Don't you want to begin Dear Jake, or something like that?" "Dear Jake, you say," with fine scorn, "hell no, didn't I tell you he's my brother-in-law, what do you think this is, a love letter?"

The value of coöperation in this instance was Three Hundred Dollars paid to Mr. Cohen by his brother-in-law.

Before we can know if there is any value in coöperation of the Local and National Associations, we must ask ourselves this question: Why a State Association and what do we get out of it? I will quote from the Constitution of the Maryland Industrial Lenders Association.

The objects of the Association shall be to promote the welfare of all members of the Association, to protect the borrowing public against usury and extortion in procuring small loans, to coöperate with proper legal authorities and with all licensed lenders in the proper conduct of the Small Loan Business.

The Maryland Association has gone even further than this, inasmuch as it has visioned the necessity of having an impartial guide, one with long experience and perfect knowledge of our business. Mr. Bryant is loved by all lenders, as he is loved by more than eight hundred thousand citizens of Baltimore, many of whom are borrowers of Small Loans.

Sometimes, even members of Local Associations find themselves disagreeing with one another, but one of the values of the Association is to iron out and straighten out difficulties, even when we were fortunate enough to secure the services of Mr. Bryant. Some lenders raised their voices so vigorously in protest that we were reminded very much of the story of the Parson in this country who during the late war, or at the inception of it, preached long and studiously in the pulpit, but felt he had not made much progress. When the war with Germany was upon us he felt a yearning to go across and do his bit over there, so he enlisted and was commissioned as a Chaplain to administer to the spiritual welfare of the soldier boys in France. The demands upon the Chaplain, the Father Confessor of the boys, were very great and the days very long, there being no nights for him, but all days. He travelled along up and down the lines, in and out the camps and administered hope and cheer and comfort to those who were suffering. In the midst of one of the great battles, while cessation at night, this Parson wandered out beyond the lines into that territory known as "No Man's Land." In his wandering to get away from the instant occupation just to be alone a little while, he wandered too far from his own lines and soon lost his way. Above him were the lights from the screaming shells that crossed that distance and he wandered here and there and was completely lost. Finally, he got down on his hands and knees and crawled around trying to find his way back to the lines from which he had come. You can easily imagine his feelings, being out there alone, expecting each moment to be injured or perhaps killed. Every once in a while he would put his ear to the ground to see if he could hear a sound to attract and direct him over the dangerous way back to his lines. After crawling over the ground a good while, he thought he heard a sound and placing his ear more intently to the ground he could not quite distinguish the sound, but after crawling a little further, and with his ear still close to the ground, he heard very plainly a voice which said, "Who in the hell played that ace?" and he raised up his eyes and said, "Thank God, I am again among Christians." So it is with the lenders of Maryland when we hear one of them protesting a certain thing we know that we are among friends and that there is value in Association.

Maryland citizens have always been leaders of men, blazing the pathway of civilization. They built the first railroad; the first electric trolley line; the first submarine; the first city gas plant; the first dental college in America; the first statue to the father of our country, and succeeded in getting the first president of a great city council to guide, direct and help keep on a high plane the business in which we are engaged.

What do we get out of our Association?

We get out of it many times what we put into it, but this Association is like any other business, in that we must first make an investment before we can expect dividends or take out returns, and this ever growing body will be just as efficient and just as effective as all of joined together make it. Not a sin licensed lender in this State or any ot state has any right to expect some else to build for him and the very foun tion of this Association is to build, have an ideal, and to encourage its me bers to measure up. It is an honor have a membership in this Associat because it shows that you have the c fidence of your fellow business men

Therefore, if the State and Natio Associations are to live, thrive and ca on, it must be through the coöperat efforts of members.

This dictionary tells us that coöpe tion means working jointly together that a coöperator is one who acts labors conjointly with others. If this the case, the National Association sho function as a coöperator. Unfortunat however, the rules or Constitution By-Laws of both the National Body our own State Association have ser their usefulness, and are now we mi say antique. Many of us who atten the last National Convention know t to be true. As a matter of fact, no seemed to know just how a vote sho be taken or who had the right to vote the Convention. Not a very healthy c dition for so large an important Assoc tion, growing by leaps and bounds e year and rightly so. It is our und standing that the National Body has Committee appointed to revise and br up-to-date their Constitution and Laws, and that our own Maryland gr is preparing to work along that same l and certainly it is much needed.

One of the most important changes be brought about is that of membersh Every member of a State Associat should automatically be a National me ber and a National booster. This, in humble opinion could be brought ab by adopting a plan whereby a mem pay dues to his Local Association o and that the Local Association be asses according to membership by the Natio Body, thereby having every lender member of both organizations. In ot words, each State share and share al according to membership.

The National Association might compared as to the relations of the F eral Government to our State Gove ment. It is necessary, but we Ma landers are somewhat of the Ritchie t and do we not prove it by continuing elect him as our Governor, time a again?

Being the same type of Maryland as is our Governor, of course we beli in State rights. We have resented in past and we will resent in the future undue interference by the National sociation or any of its officers as in viduals unless it is made the business the Local membership.

The ideals of the National Body our ideals, and all that we ask is notice and a-round table discussion thought.

Any good State Association would found as one man back of any movem

t stands for constructiveness and for ht.

Of course, the National Association is cessary to the welfare of State As- iations and among its many duties should radiate the spirit of good will l helpfulness.

Here is what a few of the leaders of lustrial Lenders say about my subject; *William Young, National Chairman;* ational and Local Associations are uable to each other in the perpetuation the business. The National, in turn, benefited by the locals in that they e to the larger body a tangible work- unit in each locality. Their rela- n is analogous to that of the Federal l State Governments."

George W. Kehr, National Secretary; n our brief existence of ten or eleven ars, I think there have been enough ances come up in practically every ate in which we have members or state ganizations that have proved con- sively that our state and national ganizations are indispensable to each ber and without either we could not pe to take care of the small loan situa- n adequately or could we expect any iform progress. I would exceed the nit of your request if I were to elabo- e upon this proposition or attempt to umerate individual items whereby the ational Association is indispensable to e State Association or vice versa, but just want to add this observation, mely, the Thirteen Original Colonies uld not get along in this country with- t a National or centralized govern- nt, and what applies to government plies to business that is national in ope. There is scarcely a business to- y that amounts to anything that does t have its state and national organiza- ns. The goal for which we are all ning is the proper and harmonious co- dination of the two organizations, and believe we have made some progress in at respect."

Tate Harrison, National Treasurer; There is so much to say as to the lue of the National Association to the ate Associations and State Associations the National Association. In the first ace, Association, whether State or ational or in private, social or business e, furnishes a wonderful inspiration r continued activity along certain lines. business the National Association and e State Associations represent contact ints of wider scope than merely the sociation of one man to another. One nnot exist without the other and the portance of their relation to each other they effect the individual, is much the ne as the labor saving device in its ef- ct upon society. These Associations gether insure our business and furnish a service and an accumulative fund knowledge that is easily accessible the individual member and relieves n of the necessity of finding out rough the expensive method of ex- rience anything that is of vital im- rtance to his business."

W. P. Woll, National Finance Chair- an; "No man would insure his auto- bile against fire only. Complete verage against all damage to his siness is obtained by membership in e National and State Associations."

C. H. Watts, New York City; "The ational Association should be primarily terested in the enactment of the uni- rm small loan law, and should leave the matter of ethics, conduct, relationships, and the like to State Associations to perfect. It should be a well knit national body, yet sufficiently broad in its understanding to avoid the possibility of any group or clique or individual manning it to the exclusion of the majority."

L. C. Harbison, Legislative Committee Chairman; "The old adage that "United we stand, divided we fall" holds good, it seems to me, in the matter of relationship between State and National Associations. The idea of State and National Associations is to preserve the business; that is. to uplift, standardize and dignify the small loan business. The State Association has a somewhat different function than the National Association, but it seems to me each is essential to the other."

E. F. Moore. Philadelphia, Pa.; "A member of the State and National Associations has the right to use the power of coöperation. Many opportunities are presented which make it easy to coöperate with your competitor to your mutual benefit. In many instances clients owing you money will move to another city or into another state without your knowledge or permission; you are unable to obtain the address, or having obtained the address, you receive no response to your letters. A personal interview becomes necessary if you collect your balance. Through the secretaries of the State and National Associations you get prompt service from your fellow member in that town or city, who knows just how to handle your customer to secure immediate results. This service is always more efficient than a collecting agency, constable, sheriff or attorney. These opportunities and advantages are denied you if not a member."

We will sum up in a little story the ideals as they should be of the two Associations to each other:

In a little settlement in the West, some years ago, before the days of volsteadism and airplanes, there lived a well-to-do typical American, and among his possessions he owned a little railroad. It was only eight miles long and connected with one of the large railroads at a little village. Of course, it was necessary to employ help to run his train. This railroad owner was also the proud father of a beautiful daughter who one day asked permission from her father to take a trip on his railroad. An accident occurred and the daughter was in serious danger when one of the employees at the risk of his own life, saved her.

The father, to show his appreciation, offered the young man anything within reason, he had. The young man said, "Make me president of your railroad." "I will be glad to do that," said the father, "But it will not mean anything much as the road is only eight miles long." However, this made no difference to the young man as all he wanted was to be president, so his wish was granted.

The first thing he did was to send out complimentary passes to the heads of all the railroads in the country. Some answered and some did not. An acknowledgement from the head of one of the larger roads, thanked him but said he never expected to use the pass as his road was only eight miles long. The new president wrote back and said, "Yes, you are right, it is only eight miles long but it is just as broad as yours."

IOWA

Report of Annual Meeting and Banquet of the Iowa Industrial Lenders Association held at the Hotel Ft. Des Moines, Des Moines, Iowa, February 17 and 18, 1927.

The morning of Thursday, February 17th was open to the inspection of local offices by all out-of-town members and licensees. There also was a regional meeting held by the Iowa offices of the Beneficial Operating Bureau, with Charles H. Watts, President, of New York City presiding and assisted by Dean David H. Finck and Dr. Neifeld, also of New York and E. R. Klein and A. K. Dolliver, Supervisor and Assistant Supervisor, respectively, with division headquarters at Chicago.

Noon luncheon was held at Younkers Tea Room, all Lenders attending.

The business meeting was called to order promptly at 2:00 o'clock by our Chairman Charles M. Dehnert. The following member representatives and licensees were in attendance: W. B. Eickenberry, Fort Dodge, T. J. Harrison, Waterloo, Leslie Whitmer, Sioux City, Ed L. Roth, Ottumwa, W. L. Glessner, Cedar Rapids, Robert Mulock, Council Bluffs, J. V. Cromwell, Davenport, D. E. Rensnaw, Davenport, W. L. Coppage, Cedar Rapids, W. C. Carpenter, Cedar Rapids, E. E. Miller, Dubuque, Louis Seff, Sioux City, L. B. Weeser, Sioux City, W. J. Scheib, Sioux City, J. H. Lyman, Mason City, Thos. H. Meickley, Marshalltown C. H. Truedson, Davenport Ceo. Walker, Oskaloosa, Wm. I. Marsh, Chicago, B. E. Henderson, Chicago, E. R. Klein, Chicago, A. K. Dolliver, Chicago, Charles H. Watts, New York City, David H. Finck, New York Citv, M. R. Neifeld, New York City, F. L. Thompson, Shelbyville, Indiana, M. Aliber, Des Moines, C. M. Dehnert, Des Moines, E. I. Levitt, Des Moines, Harry Davidson, Des Moines, R. L. Short, Des Moines, S. Gottlieb, Des Moines, Wm. DeBeaulieu, Des Moines, H. A. Hulling, Des Moines, Wm. H. Cotton, Des Moines, J. A. Thompson, Des Moines, V. V. Boehm, Des Moines, R. H. Collette, Des Moines.

Introduction

F. L. Thompson of Shelbyville, Indiana, National Chairman of the Membership Committee gave a talk on the National Association. He touched on many interesting and vital features of the National Body. He encouraged a stronger representation in the National Association and pointed out that all thinking lenders would sooner or later affiliate themselves with the American Industrial Lenders Association for the perpetuation of the business.

Dean David H. Finck next gave a talk on the Industrial Lenders Technical Institute, and that the second year course in this Institution was now available. He said in part that licensees would more and more be required to give credentials in conducting the business of making loans up to $300 and here was the means by which to accomplish this.

Dr. Neifeld gave a short synopsis of the functioning of his office. The term he applied to his office is that of an analyst. It is the maintenance of the condensed records of the individual offices resulting in scientific methods and the basis of best operation.

T. J. Harrison of Waterloo next gave

a talk on Advertising. This, Mr. Harrison averred, was a big subject and about which much could be said. However, he touched on the most important points. After all advertising is merely propaganda and primarily starts in the personnel of the office. Messages are only secondary and in every respect correlated with the office personnel. A lively discussion followed Mr. Harrison's subject and which in part had to do with advertising "Minimum Loans." If minimum loans must be advertised it should never be above $10.00, and it would even be better to say loans up to $300. The men who took part in this discussion are as follows: B. E. Henderson of Household Finance Corporation of Chicago, Ed L. Roth of Ottumway, F. L. Thompson of Shelbyville, Indiana, Charles H. Watts of New York and W. B. Eickenberry of Fort Dodge.

AFTERNOON SESSION ADJOURNED

The annual banquet was held on the evening of the 17th in the Grand Ball Room, Hotel Ft. Des Moines. The attendance was 100%. Festivities were opened by T. J. Harrison, Toastmaster.

Address of welcome was given by Hon. Orville S. Franklin, Judge Polk County Law Court.

The next speaker was Hon. Lester L. Thompson, Judge Polk County Equity Court.

Both of these officials gave very inspiring talks.

Judge Thompson was followed by Charles H. Watts as principal speaker. Mr. Watts' subject was one of broad application, "The Reaction of the Uniform Small Loan Law Upon the Public." He said, "the Lender, each and every one must resolve to live up to the spirit of the law rather than the letter. It must always be sought that a real service is rendered and that the borrower at all times be taken into consideration. As to the future of the business it is entirely and squarely up to the persons conducting and operating the business to see that there is no infringement upon the Uniform Small Loan Law and what it stands for." Mr. Watts' speech was very enlightening and no question but what very many valuable and essential points were brought to light.

The banquet continued with entertainment and dancing until the hour of twelve.

The business session of the second day started at 10 a. m. Friday, February 18th.

Introductory speeches were given by Miss Nelle M. Beach, Small Loan Examiner, of the State Banking Department, and Miss Effie M. Doan, General Secretary of the Family Social Circle of Des Moines. Miss Beach resigned the floor to Miss Doan. Miss Doan gave a very interesting talk as to the scope of the activities of her organization, and which first hand information all were very glad to get.

An expression of thanks was extended Miss Doan by our chairman, Mr. Dehnert in behalf of the Association. Also that each local Lender would give her office his coöperation whenever needed.

New members obtained at this meeting: C. L. Pine Co., of Mason City; Thos. H. Meickley, of Marshalltown.

Next in order was a paper on Forced Collections by W. J. Scheib, of Sioux City. This proved a very interesting paper and a worthwhile discussion followed. The men participating in this were Ed. L. Roth, of Ottumwa, Harry L. Davidson, of Des Moines, A. K. Dolliver, of Chicago, Ellis I. Levitt, of Des Moines, C. M. Dehnert, of Des Moines, Mr. Lyman, of Fort Dodge and Thos. Meickley, of Marshalltown. The subjects of Turn Downs and Fire Insurance were also brought to the fore. Much good and valuable information was derived.

Morning session adjourned for noon luncheon.

Meeting reconvened at 2:00 p. m.

Reading of last minutes.

Motion made by Mr. Roth that they be accepted.

Seconded by Mr. Scheib. Motion carried.

Report of Secretary.

Report of Treasurer. Both accepted as read.

Ellis Levitt, of Des Moines was next called upon to make a few remarks of what transpired in the local tax situation. A decision at that time had not yet been handed down.

A lively discussion was then entered into in connection with dual memberships in the National and State Association. The floor was occupied by Mr. Whitmer, of Sioux City, Mr. Dolliver, of Chicago, Mr. Harrison, of Waterloo and Mr. Roth of Ottumwa. Motion made by Mr. Levitt that resolution of May 20, 1926, relative to Iowa State Association dues be confirmed and forwarded to the National Secretary, Mr. Kehr.

Seconded by Mr. Dolliver. Motion carried.

Suggestion by Mr. Harrison that Mr. Roth be given vote of thanks for the coöperation and spirit given the membership question. Mr. Roth given rising vote of thanks.

Election of officers.

Motion by Mr. Harrison that the present slate be continued. Seconded by Mr. Dolliver. Motion carried.

Motion by Mr. Scheib that officers be given rising vote of thanks. Seconded by Mr. Harrison. Motion carried. Rising vote of thanks given past and present officers. Chairman Mr. Dehnert responded in behalf of the officers.

Meeting adjourned.

V. V. BOEHM, *Secretary.*

PUBLICITY

Members may be interested to know that the Georgia Industrial Lenders Association has closed a contract with N. A. Winter, DesMoines, Iowa, for the preparation of twelve advertisements, including lay-out and art work to appear in the *City Builder* beginning with the April 1st issue. Any members who would like to receive the *City Builder,* which is the official publication of the Atlanta Chamber of Commerce, may have it sent to him regularly free of charge if he will send his name and address to the Secretary-Treasurer of the Georgia Association, Edward M. Steimle, 301 Peters Bldg., Atlanta, Ga.

NEW MEMBERS

The following new members were enrolled during the past month. Correct your Year Book directory accordingly:

Household Finance Corporation, 13535 Woodward Ave., Highland Park, Mich.

Personal Finance Co., 512 Madison Ave,. Toledo, O.

Bilmar Loan Co., 407 Keith Theat Bldg., Dayton, O.

Kentucky Cash Credit Corp., 312 Ce tral Ave., S. Louisville, Ky.

Alabama Cash Credit Corp., 720 19 St., Ensley, Ala.

Mutual Finance Co., 908 Tribu Bldg.. Tampa, Fla.

Beneficial Loan Society, 306 Flori Theatre Bldg., St. Petersburg, Fla.

General Finance Co., 202 Centr Union Trust Bldg., Wheeling, W. Va.

Provident Loan Assn.. 4216 Forsyt Ave., East Chicago, Ind.

State Loan Co., 1636 Halsted S Chicago Heights, Ill.

Personal Finance Co., 207 Fideli Bldg,. Benton Harbor, Mich.

The Capitol Loan Co., 19 N. 4th S Zanesville. O.

The Capitol Loan Co., New Lexingto Ohio.

Metro Loan Co., 4803 Lincoln Av Chicago, Ill.

Beneficial Loan Society, 19 N. Spri St., Elgin. Ill.

"SERVICE CHARGE" IS RULE ILLEGAL

Judge Stump Holds Banks Canno Exact Extra Fee on Loans

CALLS PRACTICE USURY

Requires Trust Company to Return $1,7 Received from Borrower

Banks which impose a "service charg in addition to the regular six per cent i terest charge when negotiating loans wi borrowers on mortgages are guilty usury, and, on demand, must return t extra fee, Judge H. Arthur Stump rul yesterday in a case now pending in t Circuit Court.

This decision will affect every ban mortgage company and similar instit tions in the city, it was said at the Cou House, as it is the custom to impose su service charges when making loa Judge Stump did not hand down opinion in the case, but said he wou sign a decree to-morrow requiring the r turn of the charge.

REQUIRED TO RETURN $1,750

The institution which will be order to make the rebate in this case is the Re Estate Trust Company, Charles and Cha Streets. It will be directed to retu $1,750 to George W. Rebhan, a real esta operator, the amount representing a fi per cent "service charge" on a $35,0 mortgage loan made by the company Mr. Rebhan last year.

Mr. Rebhan, having executed a conve ance for the benefit of his creditors, t rebate is to be made to William Le and Joseph Sherbow, trustees. Rola R. Marchant, attorney, represented t rustees and argued that such charg were illegal.

HIGH CHARGES MADE

Some banks and mortgage compani operating in the city impose a "servi charge" as high as ten per cent in ad tion to the six per cent interest charg it was said.

If actual services are performed by t banks in addition to the usual duties co nected with the execution of the mor gages, under Judge Stump's rulin charges for these must be collected in t same manner as charges for other ser ices performed by a banking institutio for its patrons.—*Baltimore Sun, Feb. 2 1927.*

WHY ADVERTISING HELPS THE INDUSTRIAL LENDER

By N. A. Winter, *Des Moines, Iowa*

Literally speaking, companies engaged in the small loan business have no outside salesmen similar to those employed by most other business concerns.

Prospective business, therefore, must be produced as a result of satisfied customers and—advertising. Of course, after a prospective borrower comes into the office, the clerk behind the counter must perform the functions of both selling and service.

For this reason, advertising should and does occupy a very important part in any plan of getting new business and holding old business. Loan companies must get the story of their service to as large a number of people as possible; advertising in local newspapers, by letters and by house to house distribution of circulars has been shown to do this in the most effective way.

In other words, advertising virtually takes the place of salesmen for small loan companies. It is therefore important that a well worked out plan of such advertising be followed.

It is important to keep old customers for the reason that the money is made on the customer who stays with you and repeats. Just as important is it that new business be secured, for it is on this new business that growth and increasing profits depend.

Advertising, properly directed and prepared can aid very materially in accomplishing both of the above purposes. For this reason, advertising should be made the real life blood of the small loan business.

SOME STUDENT WILL WIN FIVE THOUSAND DOLLARS

For an Adverse Criticism of "Profits"

Authors do not always welcome adverse criticism; but the Pollak Foundation for Economic Research is willing to pay for it. The new Pollak book, "Profits," presents a far-reaching criticism of the existing economic order, and arrives at rather startling conclusions. As the authors wish to build on whatever is sound in this book, they are eager to find out, as soon as possible, the worst that can be said against their theories. Toward this end a prize of five thousand dollars is offered for the best *adverse* criticism of the book which is submitted to the Pollak Foundation, Newton 58, Massachusetts, before January 1, 1927. No one need buy the book in order to enter the contest, since the Foundation will send to any one, free of charge, a pamphlet, called "The Dilemma of Thrift," which is a summary of the book.

The authors are William Trufant Foster, formerly President of Reed College, and Waddill Catchings, formerly President of the Central Foundry Company and of the Sloss Sheffield Steel and Iron Company, and now a member of Goldman, Sachs and Company, and a director of numerous industrial corporations.

The judges are Owen D. Young of the General Electric Company; Allyn A. Young, of Harvard University, former President of the American Economic Association, and Wesley C. Mitchell, of Columbia University, former President of the American Economic Association.

The main argument of the book, to which criticism is particularly invited, is this:

"Progress toward greater total production is retarded because consumer buying does not keep pace with production. Consumer buying lags behind for two reasons: first, because industry does not disburse to consumers enough money to buy the goods produced; second, because consumers, under the necessity of saving, cannot spend even as much money as they receive.

"Furthermore, the savings of corporations and individuals are not used to purchase the goods already in the markets, but to bring about the production of more goods. Under the established system, therefore, we make progress only while we are filling the shelves with goods which must either remain on the shelves as stock in trade or be sold at a loss, and while we are building more industrial equipment than we can use. Inadequacy of consumer income is, therefore, the main reason why we do not long continue to produce the wealth which natural resources, capital facilities, improvements in the arts, and the self-interest of employers and employees would otherwise enable us to produce. Chiefly because of shortage of consumer demand, both capital and labor restrict output, and nations engage in those struggles for outside markets and spheres of commercial influence which are the chief causes of war."

NOTABLE

Changing an inimical attitude toward the small loan business to a friendly one with the local newspapers in less than six months is the achievement of R. B. Money, manager of the Capitol Loan Co., Shelbyville, Indiana. Not only that Mr. Money has obtained ten weeks of free publicity in which to tell his story. The following extract from the *Shelbyville Republican* illustrates the progress he is making:—

"People have learned," to quote Robert Money of the Capitol Loan Co., "that it is far from being a proof of poor business ability, for a man to borrow money. On the other hand it is often not only necessary, but sometimes the best of business policy, for a man to borrow: in the case of sickness or of unemployment it is of course essential that a man have financial assistance and it is equally true that in starting a small business or in consolidating outstanding bills, it is good business for a man to borrow, if need be. Sometimes a very few dollars—oftentimes not more than two or three hundred, will literally save the day. That is where a loan company fits in. Our business has been described as being a banker for a different need."

PROMOTIONS

The Beneficial Operating Bureau announces the promotion of Mr. A. D. Bennett from traveling auditor, attached to headquarters at New York, to assistant to western supervisor. Mr. Bennett's headquarters will be at Chicago.

Mr. M. F. Snyder, former loan manager at Easton, Pa., has been promoted to traveling auditor, attached to headquarters at New York.

MEETING SCHEDULE

NEW JERSEY—Newark, Robert Treat Hotel, March 22.

PENNSYLVANIA—Scranton, March 24.

MICHIGAN—Jackson, April 21.

TENNESSEE—Memphis, May.

INDIANA—Indianapolis, Claypool Hotel, May 18.

MAINE—Portland, June.

SITUATION WANTED

Loan Manager, eight years experience, clean record wishes permanent connection. Can build up new office or put new life in old one. Not at present in the employ of any loan organization. Address S. A., Box 778, Harrisburg. Pa.

NEW YORK CITY COLLECTIONS

Members having accounts in New York City may like to try the services of Henry Salant, Attorney and Counselor-at-Law, Potter Building, 38 Park Row, New York City. He has rendered satisfactory service to some of our members on the following basis: 50% of any amount collected and no fee if there are no results. In other words, his charges are on a purely contingent fee basis. As New York Laws prohibit an attorney from advancing disbursements in consideration of getting business, and since the Appellate Division has recently intimated in a decision that these rules with reference to attorneys will be drastically enforced, it will be necessary for the client to advance the disbursements, which in the case of industrial loans never exceed $5.00 and most often are less.

LOAN MANAGERS AND INVESTIGATORS WANTED

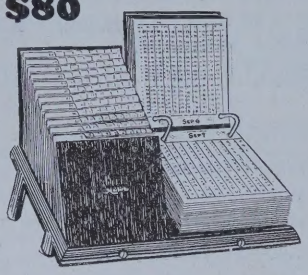
There are a number of openings in a large chain organization for loan managers and outside men or investigators.

This particular chain has more than 100 offices with corresponding opportunities. Its expansion program calls for the opening of several additional offices before summer.

We have opened 27 new offices since October 1, 1926. Permanent positions with prompt advancement for those who qualify by proving themselves to be honest, industrious, and willing to study the policies as well as the practices of a large corporation. Give full particulars of your experience, if any.

Beneficial Operating Bureau,
Suite 1600,
468 Fourth Ave., New York City.

$80



Does Your Calculator Need New Cards?

Individual cards may be purchased and inserted yourself. We send full instructions. Or we will make you an allowance on your old calculator —to be applied on the purchase of our **New Combination Time Finder and Interest Calculator**—our final achievement after 10 years' research.

We Can Outfit Your Office with Forms and Advertising at a Remarkable Saving. Send for Our Portfolio.

THE WILLIAM I. MARSH CO.

229 W. Illinois Street CHICAGO, ILLINOIS

The William I. Marsh Co. _____ 192
229 W. Illinois St., Chicago.

Gentlemen: Please send us cards for Model U Calculator as follows:

Cards, 65c Each **Front Cover, $1.25** Put check in square

Send Combination Time Finder and Calculator on 10 days' approval ☐
Send Portfolio of Forms and Advertising ☐

Name _____

Street Address _____ City and State _____

Name of Party ordering

Easy Picking

THE SUREST WAY TO INCREASE YOUR PAY

Mr. Trained Loan Man knows the way. He picked it. And his pay has been increasing ever since.

Before he realized on himself he was just Mr. Ordinary Loan Man. Each morning the Boss gave him a list of slows to chase, after explaining carefully the action to be taken in each case. Out started Mr. Ordinary Loan Man. All day long he walked—and walked. Somehow he had only ordinary luck. Often he forgot how the Boss told him to handle "Mr. So-and-So." And not knowing how himself, he made a mess of things.

Back to the office finally. Tired. No pep. Discouraged. "Seems I'm not making much of a success in this business," he thought. His pay check proved that. Then the Boss would "eat him up." After the usual fireworks one day, the Boss told him he would never make good unless he became a trained loan man. "How? That's easy. Take The Industrial Lenders Technical Institute Course." Mr. Ordinary Loan Man took the hint—and the Course. Now he is Mr. Trained Loan Man. Runs a branch office for the Boss and his pay has developed "jumpinitis."

Increase your pay by becoming a Mr. Trained Loan Man. Write to-day for information.

Industrial Lenders Technical Institute

468 Fourth Avenue, New York City.

INDUSTRIAL LENDERS TECHNICAL INSTITUTE,
468 Fourth Avenue, New York City.

Please send me, without obligation, information about your course in successful loan office management.

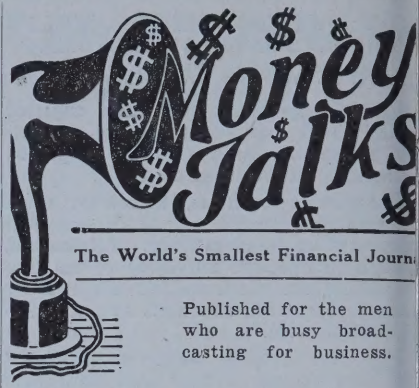
Name .....

Street and Number .....

City and State .....

mail the Coupon today

IDX



Published for the men who are busy broadcasting for business.

LION AND LAMB

Just like the month of March, som people start things with a whoop bu finish up with a whine.

Every man who paid a visit to "N Man's Land", a few years ago will re member how many a shell first whine and then roared.

It's much better to roar after you'v done something than before. But, eve then, the less said the better.

We haven't arrived at the stage in ou advertising work, yet, when we feel tha we are entitled to do much roaring. W just quietly tell you what we have and le your good business judgment do the res

We leave the roaring to those wh haven't anything else to do.

The best way to saw wood, we'v found, is to keep on sawing wood. Whe an advertiser gives us a job to do, w keep our eyes on that particular job—no on the job that someone else may hav for us later on.

Our present job is that of furnishin our Industrial Lenders Advertising Serv ice to an ever growing large list of In dustrial Lenders.

This means that we act as virtuall their advertising man, sending them well worked out plan and supply of ad vertising each month. It's about th same as our having an office right nex door to them.

They say this advertising service get the business, too! So do the millions o circulars we print for them.

If you are interested in getting ne business—you know what to do.

Obey that impulse now.

A. A. Winter

N. A. WINTER

Industrial Lenders Advertising Helps

DES MOINES, IOWA

THE LIBRARY OF THE UNIVERSITY OF APR 25 1927

INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

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Industrial Banking as an Aid to Retail Credit

By Edw. M. Steimle, *Atlanta Ga.*

An Address Delivered at the Third Annual Southern Convention Associated Retail Credit Men, Birmingham, Alabama, March 21-22.

As a preliminary to a discussion and explanation of a question which is probably the least generally understood of any important question now before the public and which has probably suffered more from lack of understanding than any other the subject of Industrial Lending. It is because I believe a body of representative men such as form the membership of the Retail Credit Men's Association should have proper understanding of the Institution of Industrial Banking as an aid to Retail Merchants that I welcome this opportunity to address you today.

I am not going into the history or evolution of lending further than to say, like all establishments that have survived and are functioning effectively, it has had to give down some things. Just as with the railroads, the oil industry, banking and other lines, there were abuses in the lending business that impaired public confidence in it as long as they persisted. Like these other industries, it was rehabilitated through the vision and efforts of those within it who saw that its fullest capacity for useful service could not be realized except through its establishment on a *plane of equitable dealing and operation on sound business principles.* No one to-day because of the past indiscretions of the railroads, the oil industry, banking and business, withholds his confidence from them. Because they have worked out their problems and have been placed on a high plane of usefulness to the public their sins are forgiven them. Lending has worked out its problems too and has established itself as an institution useful and indispensable to a very large class of the public and consequently to the whole body of the community in which the Industrial Banker operates.

Glancing back for a moment, I am not sure that the problems that lending had to solve were not perhaps greater than those that the major industries had to solve before they could gain the confidence of the public. We first had to differentiate; the legitimate lender from the illegitimate lender better known as the loan shark.

The public looked upon money lenders as being all alike, but now I am glad to say the merchants, the bankers and the public in general know the difference between the legitimate licensed supervised Industrial Lender, and the loan shark or financial buzzard.

We offer to-day the Industrial Lending System as it operates under the supervision and regulation of the law. In Georgia the business is under the supervision of the Georgia State Banking Department and examined as a State Bank. This system is known as the small loan business but it is better known and more accurately designated as Industrial Banking. Industrial Banking is the successor of the old system of lending upon which until ten years ago no effective curb had ever been exercised to prevent the exploitation of the borrower.

An Industrial or small loan is a loan defined by the law as one not in excess of $300.00 to any one borrower, made on non-liquid security or no security at all repayable in small monthly payments and on which the interest rate of 3½% per month may be charged on the unpaid balance; permitting the borrower the opportunity of making the loan cost as little as possible.

In other words $50.00 can be borrowed on ten monthly payments but if paid up in ten days the borrower is charged for that length of time which amounts to fifty-eight cents.

I could give you an adequate comprehension of the important need Industrial Banking is serving and the status of the Industrial Lender as an asset to the aid of retail credit by citing figures, but I realize that statistics however impressive are dry and boresome.

I believe if the average business man gave a little study to the Industrial Lending business he would very soon arrive at a conviction of its relation to him and its value to him in his business. The retail merchant whether he realizes it or not has a vital interest in an efficiently functioning Industrial Lending system. The Industrial Lender renders a joint service to the merchant and his customers, and it is not unreasonable that he should have the full coöperation of the merchant.

The merchant is primarily interested in his customer, who in many cases is, also, the lender's customer. The merchant has extended credit to the customer in the belief and expectation that he will be able to cash in on that credit promptly as agreed. If the unforeseen intervenes and it frequently does, to prevent the customer from meeting his obligation; to whom does he look to aid him? Not to the commercial banker, for we know that he can expect no help from that quarter. He must look then either to the merchant for an extension or to the Industrial Lender to finance him to maintain his credit. Further extension of credit by the merchant results in frozen accounts and frozen accounts, as you know, are the cold hand of death on business.

The customer, however, by having recourse to the Industrial Lender is enabled to pay the obligations he contracted in acquiring either merchandise or service. He is financed on fair terms, without the loss of his self-respect or the impairment of his buying power. The merchant benefits because his bills receivable are paid when due, his turnover is unimpeded, his accounts are kept fluid and his customer is retained. And thus as David J. Woodlock, Secretary-Treasurer of the Retail Credit Men's National Association said two years ago in his address before the annual convention of the American Industrial Lenders Association, "Industrial Lending does its part in making credit continue to be the greatest selling force for the retailer."

Statistics as compiled over a period of five years by the Department of Remedial Loans of the Russell Sage Foundation shows that eighty-five per cent of the people are without commercial bank credit and must look to the Industrial Lender for aid in time of need. Thus we see that the Industrial Lender is financing eighty-five per cent of the people where they are in operation. It is also to be seen that the merchants are extending credit to the same class. This class is composed of artisans, clerks, bookkeepers, salesmen, small merchants, stenographers, trainmen, skilled labor, school teachers, government employees and even professional men and women.

In Georgia we have fifteen Industrial Lenders organized into an Association known as the Georgia Industrial Lenders Association, eleven of which are located in Atlanta. There are men in this Convention, credit men of large organizations who can substantiate the next assertion, that the Atlanta Companies paid into the cash tills of the merchants of Atlanta in the year 1926 the approximate sum of $1,136,000. Bear in mind that this sum represents the amount loaned to 20,000 people in order to pay Atlanta merchants for obligations and to meet their payments promptly and to establish and maintain their credit rating and standing, it is also to be considered that

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

NATIONAL OFFICERS, 1925-1926.

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Treasurer, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

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Va.—J. E. Burnett, 119 N. 3rd St., Richmond.

W. Va.—Sam Wormser, 3rd Ave. and Ninth St., Huntington.

Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

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Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.

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Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.

Publicity, L. K. Osborne, 32 Ruggery Bldg., Columbus, O.

Membership, F. L. Thompson, Farmers Nat'l. Bank Bldg., Shelbyville, Ind.

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Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.

Me.—T. M. Fitzgibbons, 209 Clapp Bldg., Portland.

Md.—J. Rosenfield, 941 Equitable Bldg., Baltimore.

Mass.—D. J. Cote, 552 Mass. Ave., Cambridge.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.

N. H.—Sarah F. French, 413 Amoskeag Bank Bldg., Manchester.

N. J.—V. L. Buchman, Wilkinson Bldg., Trenton.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penn.—W. S. Herron, 404 Denckla Bldg., Philadelphia.

R. I.—E. La Gueux, 76 Dorrance St., Providence.

Tenn.—A. Rohm, 204 Mercantile Bldg., Knoxville.

Va.—H. M. Fenner, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

this amount represents only the companies who are operating under the small loan act. In addition to this sum these companies have loaned to Atlanta people in 1926 one half million dollars which found its way into the treasury of the merchants through cash purchases, first payment on homes, hospital and doctor bills and miscellaneous accounts.

Unfortunately the public conscience of the State of Alabama has not yet been aroused to the necessity for the protection of Industrial borrowers from extortion. Alabama is numbered among the States where *no Legislation* stands like a *stone wall to block the way of those who seek to profit inordinately upon the necessities of his fellow men,* the loan shark, who, as Mr. Milton Bell, Cashier of the Federal Reserve Bank of Atlanta styles as blood-suckers, financial buzzards and human vultures. I hope to see the day; soon when this condition will be remedied, when the old era of lending will become extinct and unlawful as it is now in the States of Arizona, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Maine, Maryland, Michigan, Pennsylvania, Rhode Island, Tennessee, Virginia, West Virginia, Colorado, Massachusetts, New Hampshire, New Jersey, New York, Ohio, Oregon and Utah where the Russell Sage Foundation Uniform Small Loan Law has been enacted.

Thus we see that Industrial Banking aids retail credit just as the Commercial Bank aids the merchant in financing his business likewise the Industrial Bankers aid the merchant's customers in financing his accounts. There is a common interest between the two and there should be a mutual and harmonious coöperation.

"When the storm of life is over
And Man to his rest is borne
We feel contented when we know
That our work will still go on."

[There were eight Southern States and one hundred twenty-five cities represented at this conference. Mr. Steimle's address was well received and may be considered as the first step toward favorable consideration of small loan legislation in the States of Alabama, Mississippi, Louisiana, North and South Carolina as these States were well represented. Ed.]

RHODE ISLAND

The regular meeting of the Rhode Island Industrial Lenders Association was held on February 17th, 1927 at the Biltmore Hotel, Providence, R. I.

The meeting was called to order by Chairman Rich at 7:30 p. m.

The Secretary reported one Applicant for Membership. His report was accepted, upon motion of Mr. Lovegrove, seconded by Mr. Rock.

The Legislative Committee reported they had received assurance from Association Attorney, that he would report on any Legislative matter affecting our business, to Chairman of Legislative Committee of American Industrial Lenders Association. This report was approved and accepted.

The Membership Committee reported on one Applicant. It was moved and seconded to accept this report.

A letter from Charles H. Watts on "Advertising of Minimum Loans" was read and freely discussed. Mr. Lovegrove offered a resolution that Association go on record as to favoring a uniform slogan of "Loans up to 300," in preference to stating minimum amount in any form of advertising. This being seconded by Mr. Hollingworth, it was carried.

Chairman Rich told us at length of the banquet held by the Massachusetts Industrial Lenders Association, which was largely attended and enjoyed by all those present. A spirit of friendliness as well as mutual coöperation had made this banquet a success. He also stated that members who do not attend meetings, are placing added burdens on those who do attend, by making them do the work that should be shared by all.

A letter from Bank Commissioner on a method of Compounding Interest was read. He cautioned that if any Lender was doing this to discontinue at once. A motion was made and carried that we coöperate with the Commissioner and that a copy of his letter be sent to all licensed lenders in this state at the Association's expense.

A letter from Chairman of National Membership Committee was taken up and a Committee was appointed to work with him in his endeavor to get new members in the A. I. L. A. This Committee was named by Chair as follows:—D. W. McGray, C. C. Rock, F. J. Conley, George Rich.

A motion was made and seconded that Vigilance Committee call on members who do not attend meetings—passed.

H. E. Gates, representing Buddi Company spoke and in a few well chos words stated it was a pleasure as well as a revelation to him, to be with us t night and that he hoped his firm wou be counted as a member in a short tim

A motion of Mr. Lovegrove that o Association go on record as to givi National Association its moral and fina cial support in its efforts to elimina Salary purchases throughout the Unit States. This motion was seconded Mr. Rock and carried.

The election of Union Finance Co pany of Providence to membership w approved and they were duly elected a motion made by Mr. Hollingwor seconded by Mr. McGray.

E. La Gueux, *Secretary*

R. I. BANK COMMISSIONER RULES RE COMPOUND INTEREST AND RETURNING PAPERS

To all the Licensees of R. I.

Gentlemen:

It has come to the attention of t Department that it is a practice w some Licensees under the "Small L Act" to make new loans, for old no with interest in arrears, and include overdue interest in a new loan. T method clearly amounts to compound interest, and an infraction of the p visions of the Small Loan Law, and m be discontinued.

Sub-division (c), of Section 13, of "Small Loan Act" provides that u repayment of the loans in full every per signed by the borrower be mark indelibly with the word "paid" or "c celled," and to release any mortgage, store any pledge, cancel and return note, and cancel and return any assig ment given by the borrower as secur

It has also come to my attention t this provision is being violated by so Small Loan Lenders, in that only

gnatures are clipped off and returned nd the papers retained.

This practice must also be discontinued, nd the provisions of the Section re- erred to be strictly complied with.

Very truly yours,
(Signed) GEORGE H. NEWHALL,
Bank Commissioner.

IMPORTANT

'O EVERY MEMBER OF THE A. I. L. A.:

WE WANT YOUR OPINION!!!

Francis L. Thompson Shelbyville, In- iana has accepted the Chairmanship of Committee, the definite purpose of hich is to arrange a universal method or the payment of National and State Association dues and at the same time formulate a workable plan by which all members of State Associations shall automatically become members of the National Organization.

Mr. Thompson in turn has appointed a member of YOUR state association to work on this committee with him. It will be the work of these men to separate the wheat from the chaff and submit a plan to the State and National organizations for approval.

The idea of the whole thing is to strengthen the bond between State and National Associations for the betterment of the business in which you are engaged. It concerns you vitally and you should be glad to help. We ask you to consider this matter carefully and submit your ideas to the Committee member from your State Association or direct to Mr. F. L. Thompson, Farmers National Bank Building, Shelbyville, Ind.

Briefly here are the facts to consider:

1. What universal plan can be arrived at for the payment of National and States dues?

2 What workable plan can be formulated that will automatically make a company a member of the National Association when he becomes a member of the State Association?

Think these over and let the Committee have your thought on the matter. Your opinion is valuable and we want it.

Yours very truly,
WILLIAM YOUNG,
National Chairman.

Forced Collections

By W. J. Scheib, Beneficial Loan Society of Sioux City.

Read at the Annual Convention Iowa I. L. A., February 18, 1927

It gives me great pleasure to have the portunity to address you gentlemen to- ay, on a subject that we are all vitally terested in, and to give me an oppor- nity to give you some of my views and oughts, for it is only by the exchange ideas that we are able to impart them others and in return receive the ideas at others have.

When this subject was assigned to me, e thought appealed to me that it would of more service and of more interest you gentlemen to know when collec- ons should be forced rather than how ey should be forced, and I take it that was intended that I should speak on e forcing of collections from the branch fice rather than from the attorney's of- ce. I do not think that I should dwell the subject of how our attorneys ould force their collections, as this is matter beyond our domain and is what e pay our legal talent for.

At the outset, I want to call to your at- ntion the purpose of forcing collections, hich is identical with the purpose of our istence. Each and every branch office d each and every association or com- ny that is in business is there for one ing, and that is for the purpose of aking money and making the most that e can in a fair and legitimate way. I ow you will all concede this point, as do not think there are any of us in this y and age who are conducting our busi- ess from purely altruistic motives, so at when we force our collections we e merely making an effort to get that hich rightfully belongs to us by moral rsuasion and legal, if necessary.

The forcing of collections really can traced from the moment the customer gotiates a loan all through the trans- tion to the time when the last cent has en paid and collaterals have been re- rned to the person from whom they me. I think that each and every cus- mer who comes in to my office or your fice should not only be judged upon the formation he gives you about himself d the impression he makes upon you t also upon matters which you and I ould ascertain before advancing the an. I feel that I have a right to know fore advancing money to a client who his parents were, what his nationality is. what his religion is, what the environment of his childhood was, what his employer thinks of him, how often he has changed positions, what the home life is, how they are rearing their children, what they permit their children to do when not in school, what the man's aims in life are and what his ideals are; what he expects to accomplish in life, how it came to pass that he needs financial assistance and what the prospects are of his being able to meet his obligation with me. Some of these questions are of rather an intimate nature. Answers to some of them would be refused; some answers might not be truthful and furthermore some clients might be driven away because of the very fact that you have tried to find out some of the facts surrounding their lives, which you feel you are entitled to know, and which they think is none of your business. Out of the answers to all of these questions you gather a picture of this man and his family, and it is then and there that the ability to judge a man correctly comes in. When you have this information correctly and then fail in extending credit to the proper person ninety-nine per cent of such failures are due to you, and only in rare instances, or the other one per cent, is the failure due to causes beyond our control.

I feel that answers should be secured with very great care, so that the person who is not entitled to assistance does not secure it and the person who is entitled to assistance is given it. I would far rather have a man who is not entitled to a loan, leave my office after having been refused a loan, go up and down the streets of my city damning me to the eternal heavens as being unbusiness-like than to have a man condemn me for my taking his gas stove and bedstead, in order to realize on my loan when he should not have had financial assistance in the first instance. I do not want my company to be known as one who will loan money to anybody under any circumstances. I want my company to have the same degree of respectability that the largest bank in my city has; I want the public to know that I am doing a legitimate business on business principles, and that the only reason that John Jones, a common laborer, can borrow $50.00 for three months when a bank would not loan it to him, was because I took a greater risk than the bank did and in return for the assumption of that risk the legislators of this great state of Iowa have seen fit to compensate me by permitting me to charge a greater rate of interest than a bank would.

So, this after all simmers down to a very pertinent question—Are you, or are you not, a good credit man? And further —Are you a good judge of human values? By that last question, I mean, are you able to judge whether a man is 100%, 75% or just an ordinary cipher. The ability for you to gauge and distinguish these values, the ability that you have to determine just in what niche each and every man should be placed, is the factor that determines your worth to your company, and in conclusion on this thought, it is not how successful you are in forcing your collections, but it is how few forced collections you have.

Now, I do not try to lead you gentlemen to believe that we should have no forced collections. None of us are perfect. It is but human to err, and these things are bound to come up in the course of business. I would say to you gentlemen to-day that if my friend John Jones comes in to me to-morrow, after having been written one or two urgent letters about payments which have been in arrears, that you should carefully investigate just why he is in arrears, and if his history shows good and you have no information to the contrary, that he should be given consideration. Maybe there has arisen some unforseen family expenditures; maybe a member of his family is ill and requires medical care; maybe he has lost his position, and if he has been well thought of by his employer, he will soon have another. I would call to his attention the interest that is accumulating and further that his principal is not being reduced. That day I would have an understanding with him and secure a definite promise when he will resume his payments. If he has lost his position, I would require him to report to me weekly and ascertain just what effort he is making to secure another, and what, if any, pros-

pects he has of securing another. Give him to understand that you are entitled to know this and that you are conferring upon him an unusual favor. I would also cultivate the friendship of various employers in my city, so that I could place some of these customers when just such situation as this arises. Keep in touch with the situation in your city with regard to business, employment and all matters which interest your customers. Be prepared to advise them and be sure that your advice is good. As I said before, we are primarily in this business for the money that we can make, but I believe that you will all agree with me that, incidentally, we might so live that after we have gone to that place where we all go, that those who are left behind can say of us, that the world is a better place for our having lived in it. It is better to use a little of the milk of human kindness than to forget that those people with whom we come in contact are human.

I will now come to that part of my talk which I would rather say is unnecessary, and I wish that the occasion for the advice and ideas that I am about to give never arose. When you find that a man is absolutely hopeless, and that word hopeless covers a great many conditions and cases, a man might be hopeless because he is lazy; a man might be hopeless because he is indifferent; a man might be hopeless because a situation confronts him which is absolutely beyond his ability to cope with; a man might be hopeless because he is just an ordinary crook, and a man might be hopeless because he has departed for parts unknown. Country newspapers usually put the later more aptly in the following words, "Departed between the hours of sunset and sunrise, for parts unknown." I would say that when a man is too lazy or too indifferent, that you should realize on your securities and collaterals just as quickly as the law permits you. You are not conducting a kindergarten or industrial school, or a reformatory to teach men that in order to eat they must work. If your hopeless case is one where the circumstances are beyond the control of your customer, such as sickness that will extend over a period of years and eventually death, an extravagant wife, the loss of a business reputation, then by all means realize on your securities. If your hopeless case is one where your customer is just plumb 'onery, or you have an idea he is dishonest, then by all means realize on your securities. And if he is of the last class where he has seen it more advisable to leave town when your back is turned, you should have realized on your securities, or have possession of them before he left.

Again I will give explanation to the thought in different words—the fewer pianos, the fewer gas stoves and bedsteads you have to take possession of, the more money you will make for your company, the better reputation your company will have in your town, and the more business you will have. And let me impress upon you firmly, that there are two classes of living advertisements that you should seek. First, the man that is entitled to assistance, who has received and returned his money to you and second, the man who is entitled to assistance, you have given it to him and where you have found it necessary to assist him to that which he should have done without your assistance and loves you for that assistance you have given him.

MASSACHUSETTS

Fifth Annual Meeting, Banquet and Ball of the Massachusetts Industrial Lenders Association

The Fifth Annual Meeting, Banquet and Ball of the Massachusetts Industrial Lenders Association was held in the Crystal Room of the Hotel Kenmore on Wednesday, January 26, 1927. The business meeting and luncheon was held at 12:30 p. m., followed by Dinner, Dance and Frolic at 6:30 p. m. Forty-four members attended the business meeting; after luncheon the meeting was called to order by Chairman, H. J. Desormaux. Secretary and Treasurer's reports were read and approved.

The committees report on Uniform Note and Mortgage was taken up to have all licensees in the state of Massachusetts use a uniform note and mortgage which will comply with rules and regulations of the state and stand the acid test of any court. The final decision being that it was submitted to competent attorneys in Boston for the inspection and corrections after which they were to be forwarded to the Beneficial Operating Bureau of New York City, and they in turn would have these papers analyzed by their various attorneys. It was voted to place the uniform papers on file as unfinished business.

A recommendation was made to have all members insert in their advertising "Lawful rate of interest." Various suggestions were made and it was recommended to carry out the foregoing phrase.

Mr. Bernstein represented the Industrial Lenders Association of Maine. Likewise, Miss Karsakov from the Loan Bureau of the Springfield Chamber of Commerce—Mr. Rich, Chairman of the Rhode Island Lenders Association—Mr. A. G. Zimmerman and H. A. Morgan, Beneficial Operating Bureau of New York City, made a few remarks which were appreciated.

Four new members were taken into the Association; Ideal Finance Association of Malden, Mass.; Ideal Finance Association of Framingham, Mass.; Personal Finance Company, Inc., of Somerville, Mass.; Peoples Loan Company of Lynn, Mass. Several letters were read by the Chairman and placed on file and action was to be taken by the Secretary.

The nomination of new officers: Alexander Youngerman, Chairman; D. J. Cote, Secretary; D. J. Wholey, Treasurer and George R. Alcott, Vice-chairman. Nomination of the above members was made, seconded and voted.

Remarks from Mr. Desormaux were made and a rising vote of thanks given. Upon retiring the new chairman, Mr. Youngerman, made some very complimentary remarks in favor of our former chairman. Motion was made and seconded to appoint a publicity committee. The chairman appointed Mr. Newman, Mr. Zimmerman and Mr. Viets to act on this committee. Recommendation was made to have a committee on Practices and Policies. The chairman appointed the following members to be on this committee. S. E. Blandford, D. J. Cote and A. Youngerman. A vote of thanks and appreciation was extended to the retiring officers and a rousing cheer for the newly elected officers. The meeting adjourned at five o'clock to arrange for the evening Banquet and Ball.

The Banquet and Ball started promptly at 6:30 p. m., with a bang. The Miner Doyle orchestra of ten pieces furnished the music for the evening. A very tast Menu was served. The B. F. Keith Co furnished the entertainment with thre of its members and gave some ver snappy numbers in singing and dancin "Invocation," Rev. A. M. Rihbany. D.D Pastor, Church of the Disciples, Bosto Mass. In the absence of Charles E Watts of New York City, H. J. Deso maux acted as Toastmaster.

Earl E. Davidson, Massachusetts Su pervisor of Loan Agencies, was intro duced and made a very interesting speec on facts and figures of the splendid wor and coöperation of the Massachusetts In dustrial Lenders Association in conjun tion with his department. He broug out some figures that ran very high the increase of number in loans and ou standing money for the year 1926 by th money-lenders of Massachusetts. M Davidson, who is well liked by all this state for the splendid work and c öperation of his department to the mon lenders and general public, on finishin his constructive talk to the associati members, was highly applauded whi showed that every member present a preciated the splendid and well-fitt speech for the occasion.

Hon. John C. Hull, Speaker, Massach setts House of Representatives, was t next speaker and was highly appreciat by the association for his kind offer be of any assistance to the associati in the Massachusetts House of Represen atives and offered his coöperation as t association saw fit.

At the conclusion of the speakers t dancing started and appropriate mus was furnished with snappy numbers. Ne and old dances and refreshments we enjoyed by all of the two hundred more present from all parts of the sta Dancing lasted until 12:30 a. m. T splendidly arranged programme was huge success due to the splendid wo of Mr. Newman and entertainme committee, Messrs. Desormaux, Vie Franks, Youngerman, Cronan a Wholey.

D. J. Cote, *Secretary*

MARYLAND

The February meeting of the Maryla Industrial Lenders Association was cal to order promptly at 8:00 o'clock p. by Chairman Hood. There was about 60% membership attendance at the me ing.

Mr. Baseman, treasurer, reported bills presented to him having been pa leaving a balance of $714.43 in the tre ury at that date.

Mr. Holden, of the Publicity Comm tee, was successful in securing abo sixty lines in both the News and American, relative to the activities of t Association, which you can tell the co eyed world is very good work.

Mr. Sutton, of the Vigilance Comm tee, has been working very industriou upon a certain case, which has been ta ing up his attention for some time, a as yet had nothing definite to report the matter.

After a general discussion as to t advisability of sending dues, payable the Association, either to the treasure office, or to that of the secretary, it w finally agreed that the By-Laws of t Association, which provide that all d

should be mailed to the office of the secretary should remain in force.

The Association had the rare pleasure of listening to Howard T. Mattingly read a paper, the subject of which was, "The Value of the National Association to the State Association and Vice-Versa." Upon motion duly made and carried a vote of thanks was extended to Mr. Mattingly for his efforts in this vice-versa matter.

It was further requested that the paper be forwarded to the National Secretary, for publication in the Lenders News.

Hon. Howard Bryant, counsel to the Association, made a splendid report of his activities, reading three bills which had been introduced in the state legislature, which he thought might be of some interest to the Industrial Lenders.

Upon motion duly made and carried, it was decided to have a theatre party for members of the Association who wish to attend. It will take place at the Maryland Theatre, on Monday night, March 14th. The committee in charge being Messrs. Long, Baseman and Ebert.

The Chair appointed a committee for a revision of the By-Laws, consisting of Chairman E. F. Moore. H. T. Mattingly and V. D. Moss.

Chairman Hood, who has been doing commendable work relative to the Salary Assignment situation with the B. & O. R. R. Co., had prepared a chart from which he gave the following figures: Eighteen employees of the B. & O. had an aggregate of 109 loans, amounting to $10,000, with a balance due of $5,000.

Upon motion duly made and carried, the Citizens Finance and Service Co., 2 St. Paul Street, D. F. Volper, Jr., Manager; and the National Credit Corp. of Maryland, 807 Citizens National Bank Building, E. L. Parker, Manager, were admitted to membership in the Association.

Due to the fact that some of the members failed to read the signs, and have been parching their throats by drinking hot water from the hot water spigot, the Association treasury will be muckled to the tune of $12.00 a year for ice water. Who wants ice water in December?

J. L. ROSENFIELD, *Secretary.*

To Our Members—

The writer received a letter not long ago which he will quote verbatim:

"Hard headed business men are no more hard headed than other people. Hard headed thinking and hard headed feeling do not make a successful business. Successful businesses are built by men of faith, men with warm hearts and clear minds, by men who value the good opinion of their customers, their employees and their community more highly than they do their immediate profits. It is to such men that the big prizes go in business....."

and damn if I can think of any better reason to ask you to attend the March meeting of the Maryland Industrial Lenders Association which will be held in the evening of the ninth, at 8:00 o'clock p. m., at the Board Room, No. 2 Light Street.

Very truly yours,
Maryland Industrial Lenders Assn.
J. L. ROSENFIELD, *Secretary.*

ROSTERS

At considerable labor and expense, the Indiana Industrial Lenders Association, the Secretary of which is R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis, Ind., published about a year ago, a roster of licensees or small loan companies operating under the laws of the various States. This roster contains not only members of the State and National industrial lenders organizations but also all other licensees. There are some sixteen hundred names and addresses of small loan companies throughout the country, many of whom may be addressed at any time in relation to skip accounts. Several hundred of these rosters have been disposed of and the owners have figured that the investment of $1.00 was well made. If any other individuals, firms or corporations would like to have a copy of this book and will send $1 to Mr. Hartz, a roster can be obtained right away.

WEST VIRGINIA

The regular business meeting and banquet of the West Va. I. L. Association was held in Parkersburg at the Elks Club Thursday, February 24th.

Chairman Wormser called the meeting to order at 10:00 a. m.

The Treasurer reported cash on hand, February 23rd $763.52 and all bills paid.

The Secretary read the minutes of the last meeting and reported twenty-five members, all in good standing and dues paid to date with one exception. The gain in membership since the last meeting was ten.

The Secretary read a letter from F. L. Thompson, Chairman of the National Association Membership Committee, relative to arranging a universal method for the payment of National and State dues and at the same time formulate a method by which all members of the State association shall automatically be members of the National. The West Va. Association went on record as favoring such a plan in principal.

Upon a motion by Mr. Watts, seconded by Dr. Mueller a special Legislative Committee was appointed as follows, R. C. Aufderheide, Indianapolis, Ind., Chairman, F. H. Withrow, Charleston, West Va., W. P. Gore, Charleston, Tyson Cobb, Huntington, H. L. White, Wheeling, Glen F. Barnes, Fairmont.

The program was well interspersed with several very interesting papers which we take pleasure in presenting to the readers of the Lenders News. It was decided to hold the next meeting in Charleston, June 23, 1927.

Following the business session, a banquet and dance was held at the Elks Club and a thorough good time was had by all. Out of State guests were, Chas. H. Watts, New York, T. M. Kaufman, Indianapolis, G. J. Dirksen, Philadelphia, Chas. G. Mueller, Philadelphia and C. G. Liggett of Dayton, Ohio. Honor Guests were, Hon. Walter E. Stout, Mayor, Parkersburg, Hon. Sam W. Cain, Prosecuting Atty., Wood County, C. M. Koon, Principal, Junior High School, Parkersburg and Geo. W. Dudderar, Sec'y., Board of Commerce, Parkersburg.

MICHIGAN

R. E. Reichert has been appointed State Bank Commissioner by Governor Fred. W. Green. He was former Cashier of the State Savings Bank, of Ann Arbor.

LOAFERS WON'T KNOW IF YEAR IS PROSPEROUS

Col. Pond says there will be money for justifiable uses, none for wastefulness

CLEVELAND, O., Jan.—"The small borrower who loafs on the job will never know whether 1927 is a prosperous year or not," said Col. D. H. Pond of Cleveland, president of the Ohio Industrial Lenders Association, today, discussing the prospects for 1927, especially as they concern that large class of citizens who have no bankable securities.

Speaking of the farmer, Col. Pond said: "The farmer who ties his tin Lizzie on the off side of the watering trough and keeps it from interfering with the horses' getting their drink of water when they come from the fields, will share in the general 1927 prosperity, but the eight hour a day farmer with his tin Lizzie will probably find in 1927, as in other years, that Lizzie has got all the cream that the farmer got from his cows."

Continuing his statement, Col. Pond declared: "As we read the many forecasts for 1927 business success, we are struck with the uniform opinion that 1927 will be a very successful year.

"Many forecasters bring an array of figures and facts to justify their forecasting. If many of them are right, we will again find the 'help wanted' sign in the employment office.

"I don't believe it is going to be quite so easy as all that and I do not advise any person to quit a good job and tackle 1927 prosperity with only bare hands and the forecasts for 1927, as weapons of warfare.

"For the small loan borrower with unbankable securities, there will be plenty of money for justifiable family and business finances. There will be little or none for over expansion or wasteful purposes.

"The Small Loan Lenders will find a rising demand for small loans, but like the merchant, they must let it be known that they have goods to sell, but unlike the merchant they cannot create a demand for their money, by advertising. But through their advertising they should let it be known where the demand of the small borrower can be satisfied."

LAW SOUGHT ON SALARY BUYERS

Bill Would Classify Firms as Loan Organizations

Classification of salary purchasing companies as loan firms is sought in a bill sponsored by the Cleveland Better Business Bureau and the Legal Aid Society.

Representatives of these organizations from all parts of Ohio appeared before the Senate Judiciary Committee in Columbus this week urging passage of the bill.

Senator L. L. Marshall of Cuyahoga county introduced the bill which provides that companies purchasing salaries must be licensed under the state small loan law. This law restricts interest chargeable to 3 per cent a month.

At present, according to the Better Business Bureau, these companies are getting practically 20 per cent a month from clients. The firms maintain they are not making loans, but are purchasing the salary of the man in need of money, and therefore are not loaning institutions. —*Cleveland Press, March 9, 1927.*

The Future of the Small Loan Business in West Virginia

By W. P. Gore

When we speak of the future there is always the comforting thought on the part of the speaker that he is moving in a realm of speculation rendering him immune from successful refutation. He may make statements just as seemingly impossible and as revolutionary as he pleases and no man can say with a certainty based on fact that he is wrong. With our many industrial inventions and social evolutions, we are facing an age of wonderment where the marvels of past days are commonplace and the impossible is unknown. The idle dreamer of the medieval period is now the power behind the throne of progress and no man is condemned for his views. So it is that at such a time I feel a great deal of liberty in making a forecast in a matter whose existence cannot be insured against an erring public opinion or the caprice of some legislator seeking self emolument from a feigned desire for reform.

I believe the crux of the problem is there. The small loan business may be changed as an outgrowth of public sentiment against it, but for that we may safely hold no fear. If the pages of history be reviewed we will find the public mind slow to change but almost in every case, deciding in favor of the great principles of justice and equity conducive to the common good though sometimes subversive of the interests of the individual.

Are we in a business founded on principles meriting a judgment in its favor? The answer is obvious. It is common knowledge that before the small loan business, as it is now known, came into existence under the proper legal regulation and protection that it was used as a means of oppression to a class made helpless by their financial delinquencies and the inadequacy of other institutions to meet their need. It would be useless to comment further on the propriety of some regulation concerning small loans. That it is a necessity, if we are to put the ban on oppression, I think will be admitted by all, but the problem with which we must deal in the future is that of the manner and extent of a regulation.

Three alternatives are possible. First, the rate, and as a result the business, may be left as it is; second, it may be changed by increase or reduction but left in force in some manner; third, it may be wholly abolished.

I shall deal with these possibilities in the order enumerated.

At the outset I feel compelled to answer proposition number one, in the affirmative. As has been said before, the primary purpose of the institution is to secure to the unfortunate the advantages of fair play and equal opportunities. This can be done only when there is a rate sufficiently attractive to induce capital to be invested in that behalf. Where the rate is too large the very purpose of the institution is defeated. Where it is too small, the hazards outweigh the remunerations and again it fails. There must be that happy medium securing the greatest good to all with the minimum sacrifice to any member. Does our present rate answer these qualifications? I think it does. If it is lacking in any respect, it is in regard to its inducement to capital. I know of many cities in the State whose loan companies cannot near meet the demand expressed by their many applications. This of itself is sufficient to show that the present rate does not emancipate the business from the pale of a loss that may outweigh the profits. When the benefits intended to be secured to the individual are dependent as well on the availability of capital as on the fairness of a rate it is foolish to consider the rate alone from the standpoint of what a few isolated individuals with circumstances probably peculiar to themselves alone, may do.

The second alternative I have answered in part, but I may dispose of it by following up what I have said in regard to the first proposition. If the rate is to be changed it should be raised sufficient to bring enough capital into play to supply the demand. The economic law of supply and demand is one that cannot be controlled by legislation. The demand for money from the small borrowers is fairly constant. The losses are uncertain but to some degree calculable. If the rate goes below the point where the supply line and the demand line meet, then it cuts off the supply and if it goes too far above, it cuts off the demand and hence an injury to the purpose of t small loan in either case. There can no more certain criterion of the lack supply than the great unsatisfied dema now being made for more money. Ther fore, it seems clear to me that the r should be raised to the point where su ply and demand meet if it is to changed at all.

To wholly abolish the small loan l would only precipitate the evils the l was designed to cure. If it is a go law it should remain in force in so practicable form. That it is a good l is evidenced not only by the fine resu it has accomplished, but the faith of t public at large as manifested by the ma states which now have it, is a livi testimony of that fact. The borrowe of the State of West Virginia are sat fied as a whole. The public of this St is satisfied but in spite of all this, th is a small group, who are trying to feat the public will for causes all evident. Is it consonant with justice a good government that a handful of dividuals should abolish against the v of the public, for whose good the la are made, an institution whose existe has been so manifestly for the pub welfare?

This, my fellow lenders is the probl before us. We must meet it at the n session of the legislature. So far as public is concerned, the rate will conti under its present status and if it changed at all, it will be in the direct of an increase to coincide with the curring losses and increase demand. I the immediate difficulty before us is common to our form of government a as long as the present law is in existe we may look for attacks from petty p ticians possessed of a superficial pass for reform, seeking to vindicate a f cied grievance.

In conclusion I wish to say that I h the highest hopes for the future pr perity of our business which founded the highest plane of economic equity a born of humanitarian motives and it is belief that with our coördinated effo the gates of adversity shall not pre against it.

Collection Without Recourse

By H. L. White

According to the program I have been assigned the subject of Collection without Recourse. I don't know who was responsible for this, neither do I know why this title was assigned to me but I presume it was because you all know I am a firm advocate of not using our legal rights in enforcing collection. The reasons for this I will take up later.

Personally I believe the best means of avoiding enforced collection is the establishing between your office and your customers a friendly feeling and by continual use of Patience and Perseverance in handling those who are inclined to get behind with their contract. The saying of a loan "well made" is a loan "half paid" to my mind is very true. However, too many who loan money seem to think that this applies only to seeing that ample security is given, that it is paid for, that credit rating is good, that the contract is fully explained and that they are impressed that prompt payment must be made on due dates. So far that is all necessary but there must be a good feeling established with the customer. How is that to be done? It cannot be successfully accomplished by being short and snappy. A little of good valuable time devoted at this time may save time in the end. This is what I would term building good will for your office. The time to start doing this is when a prospective customer first enters your office. Those who have not been in the habit of borrowing money usually approach w a feeling of timidty. Be sure to f place them at their ease and you will their appreciation at once. They talk more freely, and in fact volunt information you might not have got from answering questions on applicati Be sure that all your employees v come into contact with the applicant b before and in the making of the l carry out fully this policy of friendlin Now I do not mean that you should any way get chummy with them that s of friendliness is only breeding fut trouble. Try to see that when you m a loan that you are actually assist your customer and not overloading l or placing a burden on him in some m

ner. A transaction that is not good for both parties is not a good transaction for either and may act as a boomerang. Your customer becomes dissatisfied and usually shows it in his payments. After a loan is made see that you and all your employees that come in contact with your customers do so with a feeling that shows you still want to help them. In faithfully doing these things you are surely establishing Good Will, this being a valuable asset. A client seldoms borrows money with the deliberate intention of beating you but may drift into a slow through some imaginary wrong which he resents and seldom lets you know what it is. Create that Good Will and he is not so apt to have these imaginary wrongs. A "skip" is usually caused through some unforeseen circumstance at the time he borrowed. Through loss of position he is forced to leave for some distant city. If you have his good will and he trusts you he is more appreciative of the help already extended him and he is more likely to come in and talk over his change as he feels you have and will treat him right. You will not lose on that fellow. On the other hand if you have not gained his confidence and through some actions have allowed him to cultivate "Ill Will" which amounts to a feeling of resentment, what happens? He leaves between two suns, either stealing his security out or selling it and disappearing. His Ill Will or resentment toward you sometimes amounts to near hate and he glories in beating you. That is usually a Loss item when possibly it would have been otherwise had his better side been cultivated. We have been speaking of the client who has some grain of honesty in his makeup. Now there is the out and out crook who deliberately intends to beat you. There is not a spark of honesty in him and regardless of what you do he will probably accomplish his purpose and you will not get a chance at your "Legal Rights" or if you do he will see that it appears that he is the party wronged. Now comes the habitual slow who causes us lots of trouble. He may be so, through force of circumstances, or bad management. With Patience and Perseverance, all the time striving to keep his good will and being careful of harsh threats you will eventually straighten him out or get him paid out and it is not at all necessary to resort to your legal rights. If you have his "Ill Will" even though he has some spark of honesty he has that feeling against you which causes him to not care how much trouble he causes you and rather glories in it. Should this be the case Patience and Perseverance will get you out. If the foundation of handling your customer has been built and you faithfully practice the building of "Good Will" the chances of your collecting without recourse is greatly increased and you will also derive other benefits. These same slows who still feel no resentment may send a customer and it does not necessarily mean that all their friends are slow also, and they themselves do not usually care to advertise the fact to their friends that they did not pay promptly. They will not advertise their shortcomings to their friends but they will surely advertise your shortcomings. A list of past and present satisfied customers is worth more than all other advertising you can devise. In this way you will more than make up for any loss sustained and at some time avoid the adverse publicity that is always caused by resorting to your legal rights. Now I want to again refer to the using of your Legal Rights to collect your accounts. While it is the desire of all of us to make money and have our business show a good per cent of Net Profit, too many lenders are inclined to think too much of their immediate profits and not enough of future ones. The use of Legal Rights should be approached with much hesitancy and thought. Whenever you use such rights and methods by filing Salary Assignments on employees and entering suit for possession of security under your Deed of Trust, just so sure are you creating the adverse opinions of big firms and of people of influence whose "Good Will" we need. Our collections should be made without stirring up the ill feeling of the public against the lender. All the money spent on organization and the building up Good Will of the public can be destroyed by a few untimely enforced collections. We as small lenders assisting the small borrower have been recognized as a special class in about half the States. Was this done for our protection so we could make more money and be safer. No! It was done to assist the borrowers and as sure as the lender uses his legal rights too freely just as surely is he hastening the day when such privileges he is now enjoying may be taken away. We have been granted special privileges so that the small borrower can be better served. It is easy to create adverse criticism and public opinion which is now smouldering and which may again flare up. The Powers that granted us the privileges we enjoy can also take them away. Legislatures will be guided by public opinion and frame laws accordingly whether they are just or unjust.

In conclusion I ask that any lender, who expects a bright future for his business, to hesitate before resorting too hastily to legal rights to collect his accounts.

REPORT OF N. J. CHAIRMAN P. L. ALBERSE

Given at a meeting of the New Jersey Industrial Lenders Association, Newark, N. J., March 22, 1927.

My report to you is necessarily of a general character. There have been a number of changes in the branch of finance in which we are interested, but we cannot form a clear opinion as to the trend of these matters without taking a wider view of the financial business in general.

During the past year there have been companies licensed under the Egan law to conduct a small loan business in both of the ways with which we are familiar, namely, the loaning of money on chattel mortgages or otherwise, directly to the individual concerned and relying upon their assets and character for the security and on the other hand the note lender who depends upon the co-makers or endorsers of the note and their standing rather than upon the maker alone for security.

There are concerns who loan with co-makers as well as otherwise and they operate their business in the same manner as the direct loan lenders, and the methods of collection by the note lenders described hereafter do not apply to these organizations.

The chattel or direct loan business still is being conducted in the same old way. Delinquents are taken care of by personal contact and legal measures are only used as a last resort. In enforcing collection on the co-maker notes, a different process is pursued, instead of the letter and personal calls by outside men, the account is turned over to an attorney and generally suit is commenced immediately. Whether or not judgment is recovered depends on what takes place after that. The result is that the chattel lender is under a much heavier expense than the note lender. The note lender throws the expense upon the borrower by instituting suit and although the law prescribed that no fee can be charged until actual entry of judgment, yet I feel sure it will be found that in many cases where suits have been compromised, the expense of the action is borne by the borrower or co-maker.

The business of the chattel lender is confined to the ordinary householder, the note lender is largely for small merchants or other business men who desire additional capital to conduct their business.

The first class does not in any way interfere with the banking business, but the second class is a competitor with banking institutions. The requirements of the bank and the note lender regarding endorsements are similar.

The banker for his profit depends on the balances that are carried by the depositors, while the note lender relies upon the rate of interest in excess of 6% granted by the statute.

It seems surprising that after the years of study that have been devoted to the problems of making small loans that some of the fundamental principles are again being questioned and attempts made to go back to the old fee system under the cloak of conducting the business at a lower rate of interest.

There have now entered the business, certain concerns who take a different view than the legislatures which in over twenty states have passed upon the matter. These companies advertise that they charge a fee but less interest than that permitted by the statute. They claim to be able to make a great deal of money for their stockholders as they are able to turn over their capital several times a year and by doing so they can collect a fee several times during that period.

We who are operating under the small loan law in New Jersey cannot enjoy the privilege of circulating our capital several times a year and still receive the full interest on the loans, because it is obvious that as the balances of the customer are reduced the interest is reduced likewise and theoretically it makes no difference whether the loan is paid in instalments or no payment is made at all until the end of the year, the rate of return on the capital invested is the same. However, it appears that under the mentioned plan, the fee system is still in vogue, whereunder the company prospers by reason of the short repayment term of the loan and the actual rate of interest is hidden under a fee or service charge.

I have always been under the impression that this was one of the first things that was necessary to discontinue to wipe out the loan shark, and that the study of this subject has constantly been to eliminate the fee system and to adopt a flat rate of return that is fair to all parties concerned.

The capital for the plan described is obtained by the sale of shares to local

merchants and one of the inducements offered that in addition to receiving the usual profits of stockholders in the form of dividends the merchants will also be enabled to turn his slow accounts into cash as loans will be made to his customers to pay up the slow accounts. It is claimed that the cost to the borrower will be considerably less than if the money was borrowed from a regular loan company who charge no fee but ask the borrower to pay interest on balances. By reason of the reduced charges the borrower however foregoes the privilege of spending the money that he borrows as every cent of the loan is paid to his creditors by the loan company. There is but little danger that too high a rate of interest can be maintained for long as it is found that competition will cause others to enter into a business that is abnormally profitable and the additional capital that would enter the field would reduce the rate charged. This is true in every line of business and the loan business is no exception.

Several banks entered upon the experiment of opening personal loan departments whereunder they loaned from $25.00 to $300.00 repayable in instalments. Of course such a department in a bank is purely an advertising medium. It does not comply with any of the fundamental principles nor meet the requirements in a banking institution and cannot be conducted except at a loss. As long as such a business would bring in other profitable business to the bank in sufficient proportions the institution could continue such an arrangement and the losses could be charged up to the expense in getting other new business for the bank. But, one of the great problems in the banking business to-day is the matter of cost. The price of everything has been mounting upwards, stationery, supplies, clerk hire and countless other items added together take a very formidable portion of the bankers gross profits. There are over two thousand banks in the United States to-day who not only find it unprofitable to loan money in small sums but who have found it necessary to adopt a service charge for the conducting of small business accounts.

It is a subject that has occupied a great deal of attention on the part of the members of the American Bankers Association, and in our own state there are a number of cities where the banks charge customers who do not maintain an average balance, various sums to carry their business. The following list may be interesting:

$1.00 monthly service charge on balances under $100.00 is made at Asbury Park, Belleville, Camden, Hoboken, Long Branch, Perth Amboy and Plainfield; and on balances under $50.00 in Jersey City. A fity cent charge is made on balances under $100.00 in E. Orange, Englewood, Kearney, Montclair, Orange, Bloomfield, Rahway. Banks in other cities in New Jersey who make a service charge, the exact amount of which is not reported, are situated at Atlantic City, Elizabeth, Gloucester, Newark, Union City, Clifton and Paterson. These figures are taken from the current number of the American Bankers Journal.

These service charges are made on checking accounts whose average does not exceed the amount stated. It is a well known fact that the making of a loan, especially repayable in instalments requires as much expenditure of time, energy, etc. on the part of the banker as does the carrying of small checking accounts.

Loan sharks made a brief appearance in our state during the past year in the form of salary buyers under which plan charges at the rate of over 300% was exacted until the offenders were brought to justice as violaters of the Egan law and the court decided that such salary purchases were really loans made and I understand the practice has been discontinued.

To sum up the situation in the small loan field, it is noted that the two methods under the Egan law, the loaning directly to the customer on security possessed by him and the loaning to a customer with co-makers or endorsers on short promissory notes are both in operation as business propositions. Concerns such as roughly outlined cater in making loans to customers of merchants and claim that a lower rate is charged because they pay the proceeds of the loan directly to the creditors of the borrower.

The Provident loan system being semi-philanthropic in character is with us and doing a good work. Some of the banks are still conducting a small loan department but find it necessary to make other charges in connection with these loans as well as calling for co-makers, these departments are not growing in a very formidable way. There is a tendency to conduct life more and more in the land of promise of future payments. It is not only automobiles, vacuum cleaners, but the fur coat and expensive hat and other goods for immediate consumption are being sold on such a plan.

It has been estimated that the whole country is oversold for one year to a year and a half in advance. The field of usefullness of the industrial lender depends upon the necessities of the borrower and while it has not been the practice to force the borrower to discuss or have the lender pay the bills of the borrower, yet as long as care is taken when these loans are made for worthy and legitimate purposes, our field of usefullness can never be impaired and competition will take care of the rate the same as it has always done in the price of all commodities.

BORROWING WIVES HIT BY BILL IN COMMONS

Measure Would Force Them to Ask Leave of Their Husbands

London, March 4.—A Conservative member's private bill regulating money lenders and money lending received a second reading in the House of Commons to-day, and as it will receive Government support it will probably soon become law.

Although there was no division of the House, there was a lively debate over the provisions of the bill, which provides for a clear form of contract between the lender and his client showing what interest is to be paid and when payments are due.

Another point of interest is that wives, if the bill becomes a law, will not be able to borrow without telling their husbands, a proviso which, it is said, will prevent much trouble and possible blackmail.

J. B. Barman, moving the bill, said it would make the way of the transgressor hard. Money lenders would have to be licensed after first receiving a certificate of their character from their local Magistrate. They would be prohibit from sending out circulars, but cou advertise.

When wives borrow, their husban names must appear on the contract. Co pound interest will be prohibited and per cent must be taken as the standa in reckoning the "interest" rate.

Another Conservative, seconding t measure, said that there were in the Br ish Museum 4,000-year old clay tabl containing money lending contracts much the same form as fixed by the bi He told a story of a country clergym who had borrowed £70 and had repa £210 and still owed £70.

Commander Kenworthy, Socialist, co gratulated the mover on not introduci anti-Semitic prejudice or arguing th poor unfortunate Christians needed pr tection against the wicked Judean. The were impoverished noblemen and brot ers of noblemen, he said, who borrow large sums knowing perfectly well the was no chance of repaying it. The gilded sharks with long pedigrees a flam-boyant armorial bearings preyed the money lenders in the West End a then went squalling to the courts wh brought to book.

The hire-and-purchase system, so po ular in the United States, received bad time from Major Glyn, Conservati who argued that people got into the han of money lenders through being tempt to get things on this system which th could not afford.

Sir Robert Thomas, Conservative, c clared that any one who looked into t face of a money lender would see stamp there the "picture of the devil incarnat

After Government assistance had be promised, the bill got a second reading. *N. Y. Times, March 6, 1926.*

SAYS BACK-ROOM LOAN AGENCIES NOW EXTINCT

State Supervisor Declares Busine Now on High Plane

Decalring that the back-room da of the loan business is a thing of t past, Earl E. Davidson, state supe visor of loan agencies, speaking at t annual meeting and banquet of t Massachusetts Industrial Lenders A sociation, at the Hotel Kenmore l evening, asserted the business is n conducted on a high plane. He sa loan agencies in Massachusetts supe vised by the state last year loan more than $15,000,000, which was increase of more than $1,000,000 ov 1925.

John C. Hull, speaker of the Hou of Representatives, also spoke a highly commended the business de ings of the agencies who are membe of the association. Preceding the ba quet the members held a business me ing and elected the following officer chairman, Alex Youngerman; vic chairman, G. R. Alcott; treasurer, D. Wholley; and secretary, D. J. Co H. J. Desormaux was toastmaster a M. W. Newman was chairman of t entertainment committee. The Rev. M. Rihbany, D. D., pastor of the Chur of the Disciples, gave the invocatio Entertainment was furnished by Agn Ryan, songs; Cathryn Byrne, danc Kathryn Corsby, songs; Arthur Fiel monologue and Jack Ericson, piani General dancing followed the banquet. *Boston Herald, January 27, 1927.*

50,000 IS DEMANDED FOR LOSS OF HIS JOB

A suit for $50,000 damages, that had s inception in a $35 debt, was filed in ommon pleas court to-day by Ray H. Villiams, former Pittsburgh & Lake Erie ailroad engineer, against G. H. Rosenusch, O. D. White and M. D. McCutchon, trading as the Allegheny Purchasing o.

Williams alleged that last November he borrowed $35 from the company hose aim is the "buying of earned salries and wages." He later offered to ay the sum, he alleged, with a fair ate of interest, but the company wanted) per cent per month. When he refused o pay this, the loan company notified ie railroad company and, because of a ule which sets forth that the latter ould discharge any one failing to pay debt, he lost his position as engineer, Villiams averred.

STUDENTS DO NOT ALLOW LOAN FUND TO STAY IDLE

Madison, Wis.—To keep money in circulation, put it in a student loan fund. uch a conclusion follows from an exmination of the accounts of the largest udent-loan fund at University of Wisonsin, the Kemper K. Knapp fund, which as just been increased to $12,500 by a ift of $2,500 from its founder, a Chiago attorney and an alumnus of Uniersity of Wisconsin.

From January, 1924, when Mr. Knapp arted the fund with a gift of $5,000, ntil February, this year, 534 students ad borrowed an average of $50 each. f the loans, 309 had been repaid in ull, and 225 notes were in the file, only 2 of which were in default.—*Christian cience Monitor, March 12, 1927.*

NDUSTRIAL LENDER VS. THE LOAN SHARK

There is much talk in the State and roughout the whole country for laws curb the "salary purchase shark" comonly called the "loan shark," who prey pon the working people. Our citizens ave had experience with them right ere in Indianapolis and their methods em to warrant the most drastic laws to afeguard the people.

But while we have had such experience, ie public ought not confuse such men id companies with legitimate industrial an companies who are long established ere and who are licensed by the state f Indiana. These industrial loan comanies who are licensed by the state are favor of adequate laws to safeguard ie people. They are virtually the banks f those of moderate means who sometmes need money quickly and have no ie to turn to when the need is urgent. he business man borrows from his bank ith stocks or bonds as security. The an of moderate means who has no such ecurity to deposit would often be in precarious position were it not for the galized loan companies to whom he can ffer such personal collateral as he has. ickness, non-employment, an accident or hundred different things may happen anyone and to all such the legalized dustrial lender is a dire necessity in ie present credit system of our country.

This loaning of money is a business roposition, put on a business basis by trong companies and safeguarded by aws of the state. Do not confuse a legalized loan company with the common phrase "the loan shark." The state regulates the rate of interest of the licensed industrial lenders; and as we know our state does not legalize "sharks," the licensed lender ought not come under such a stigma.—*Indianapolis Union, Feb. 24, 1927.*

ASKS LEGAL INTEREST HIGHER THAN 6 P. C.

Real Esate Board Secretary Proposes Legislature O. K. in 2d and 3d Mortgages

Legalization of interest rates in excess of six per cent for second and third mortgage loans was proposed to-day by C. Philip Pitt, secretary of the Real Estate Board of Baltimore.

Mr. Pitt pointed out that the Maryland Legislature some years ago recognized the fact that small chattel loans could not be made at six per cent and he proposed that efforts be made to have the Legislature take similar action in recognizing the need of higher interest rates for second and third mortgages.

Cites "Beating Round Bush"

"Beating around the bush is a game at which most money lenders have become expert," Mr. Pitt said. "If the recent decision by Judge H. Arthur Stump, holding the amounts collected as service charges must be refunded, stands, it will simply mean that mortgage companies will find a new way to collect the same amount and perhaps a little more to compensate them for the additional risk."

Mr. Pitt referred to Judge Stump's recent decision in Circuit Court in which he ordered the Real Estate Trustee, Inc., to return a sum of money which it was contended before him represented service charges in addition to legal interest rates on a mortgage loan.

Sees Development Checked

"If we drive out of the local mortgage market all of the funds available for second-class first mortgages and second mortgages, real estate development would be brought almost to a standstill," Mr. Pitt said. He estimated that the purchase of ninety per cent of Baltimore dwellings are financed through second and third mortgages.

"On several occasions it has been suggested that mortgage loan companies get together and seek passage of a bill to legalize reasonable charges for all classes of mortgage loans, and thereby be relieved of the necessity of violating or evading the law and at the same time put their business on a more solid basis by driving out the thieving sharks who grab everything in sight."

Mr. Pitt suggested that higher interest rates be allowed on all mortgages where the risk was more than sixty per cent of the value of the mortgaged property. He said the interest charges should be based in the ratio of the value of the property to the amount of the loan.—*Baltimore Sun, Feb. 24, 1927.*

DEATH BLOW AT LOAN SHARKS IS NEW BANK'S AIM

Officers of Rail Brotherhoods Open Doors of Firm to Public

The Continental Bank, a character loan bank backed by officers of the national transportation brotherhoods in a drive to wipe out the loan sharks, threw open its doors to the public Tuesday.

Chairman of the board is W. G. Lee, president of the Brotherhood of Railroad Trainmen, and Walter F. McCaleb, organizer of the engineers' banks here and in New York, is president. Officers are in the Trainmen's Building at Superior avenue and W. Ninth street.

The bank sprang full-fledged into being with $50,000 in personal loans on its books. These were bought from the American Home Builders, the bank's parent institution and the center of the growing chain of home financing institutions backed by the brotherhoods.

Open to General Public

The bank's clientele will not be confined to members of the railroad brotherhoods but its services will be offered to the general public, President McCaleb announced.

Rates of the new bank are the lowest offered by a personal loan bank in the city, McCaleb said. A flat 8 per cent is charged as against 9 per cent charged by its principal competitor.

Capital of the new institution is $50,000, all paid in, with $5,000 surplus. Most of the shares sold at $110, although recently sales have been made at $120, McCaleb announced.

Capital will be increased to a much larger figure, probably $250,000, within the present year, it is understood.

Center of Chain

The local institution is expected to be the center of a chain of similar banks to be organized in other centers. The next probably will be set up in Cincinnati and Toledo.

"The development of the bank is distinctly aimed at the loan shark evil affecting our country," McCaleb said. "Only those in close touch with the situation can realize how thoroughly workers are victimized by loan shark and salary-buying pirates."

Directors include William Miller, Lee's secretary; J. C. Du Bois, W. L. Ulmer, Frank P. Gentsch, Joseph Wickman, Stouder Thompson, Charles Whitehair, George L. Williams, J. R. Noxon, W. N. Doak and L. E. Sheppard, president of the Order of Railway Conductors.—*Cleveland Press, March 22, 1927.*

LENDERS TEACH THRIFT, HE SAYS

Industrial Loan Men Lead Clients Right to Bank, Says Speaker

The job of the industrial lender is to get people out of debt and teach them to budget their earnings and save, Charles H. Watts, president of the Beneficial Operating Bureau of New York, said last night at the twelfth annual dinner of the New Jersey Industrial Lenders' Association at the Robert Treat Hotel.

Contrary to the general belief that lenders are anxious to keep their clients in debt, the speaker said, development of the budget idea is a part of the lender's work and he pictured the lenders as leading their clients to the savings banks.

A call to fight against unscrupulous lenders who seek to tear down the ideals of the leaders in the industry was sounded by William Young, national chairman of the organization. He urged the delegates to uphold the dignity of their business. The lender is a necessary part of the country's financial system, he said, and will be until some philanthropist

comes forward and lends money without charge.

Details in connection with the operation of the lending business were topics of discussion at the business sessions held yesterday.

J. Chauncey VanHorn of Trenton, chairman of the executive committee, was elected chairman of the association, succeeding Peter L. Alberse of Paterson. Other officers, all of whom were re-elected, are A. J. Simonson, vice chairman, Newark; Vernon L. Buchman, secretary, Trenton; Eugene Woodburn, treasurer, Trenton. Arthur E. Montgomery of Jersey City was elected chairman of the executive committee to succeed Mr. VanHorn. Others on the board of directors were Charles H. Watts, New York; William Young, Philadelphia; and Donald H. Cameron, Newark, all reelected; and F. H. Umlauft, and Eugene Woodburn, both of Newark, elected for their first term.

Col. Gilbert Badger, president of the National Cash Credit Association, was toastmaster. In addition to the speakers, there was a program of entertainment and dancing. The next session will be the quarterly meeting and outing in Asbury Park in June.—*Newark Star Eagle, March 23, 1927.*

SENATE KILLS SMALL LOANS BILL 45 TO 22

Rural Members Defeat Measure in Spite of Amendment

Although its sponsors amended the measure to limit it definitely to cities of the first class, rural members rolled up an imposing vote against the small loan bill in the state senate Tuesday, and it went down to defeat, 45 to 22.

Five hours of argument preceded the action of the senate. The bill came up on special order at 11 a. m., but not until 6 p. m. did the bill reach a vote.

Earlier in the session the house voted to postpone the bill indefinitely, but later reconsidered its action. Those who voted for the bill in the senate were:

Adams, Anderson, Bessette, Blanchard, Brooks, Cannon, Child, Johnston, Lennon, MacKenzie, Mangan, Morin, Nelson, Olson, Orr, Putnam, Rockney, Roetke, Steen, J. D. Sullivan, G. H. Sullivan and Turnham—22.

Those voting against:

Arens, Bonniwell, Bridgeman, Carley, Christgau, Day, Duemke, Hanson, Hausler, Haugen, Johnson, Landby, A. S. Larson, H. A. Larson, Lawson, Lee, Lemm, Lilligren, Long, C. A. Lund, L. P. Lund, MacLean, McCubbrey, Madigan, Millett, Naplin, Nordlin, Peterson, Putzier, Reinbenack, Richardson, Romberg, Rosenmeier, Schmechel, Serline, Sharpe, Solberg, Stremstur, Swenson, Thwing, Traxler, Widell, Zamboni—45.

STORM CENTER

The bill has been a storm center in the legislature for several sessions. On two previous occasions it has passed the house, but both times met defeat in the senate.

Faced with the opposition of country members, sponsors of the small loan bill some time ago adopted amendments which they said would in effect limit its operations to cities of the first class.

Under these amendments persons or individuals might obtain a license to lend money in sums under $300 at the rate of 3½ per cent a month, as the original bill provided, but required the showing of a necessity for such a business.

Senator Rosenmeier of Little Falls argued that the amendment would not constitute an absolute bar to invasion of the country districts by the loan companies.

NEW AMENDMENT OFFERED

Senator C. H. MacKenzie, one of the authors of the bill, then offered an amendment which definitely limited the law to cities of the first class. To guard further against the loan companies extending their loans into the country, Senator Sherman W. Child of Minneapolis offered another amendment which would prohibit a loan company from making a loan to any one outside the municipality in which it is licensed.

Adoption of the amendments however, did not remove objections of those who opposed the measure.—*Minneapolis Tribune, March 23, 1927.*

WHY THE LOAN SHARK SMILES

Suppose that rural Minnesota suddenly should be overrun with rats, eating up stored farm crops, gnawing their way through corn-crib walls, stealing the feed intended for livestock.

Suppose that the farmers found they had no right to kill, suppress, drive out, or otherwise act against the rats without the consent of the Legislature.

And then suppose that the Legislators from Minneapolis, St. Paul and Duluth, with no rat troubles in their own districts, complacently defeated the bill granting the farmers the right to get rid of the rat pest, though the bill placed no burden whatsoever on the cities.

What a howl would rise, from the St. Croix on the East to the Red River on the West; from the Rainey River on the North to the Iowa line on the South!

Did these three cities ever have the temerity to take the side of the rats in the country, merely because the rats were staying away from the cities, Minneapolis, St. Paul and Duluth would never hear the last of it.

Well, the infestation of the three cities by greedy loan sharks is not so bad as the hypothetical infestation of the country by rats that we have been supposing. But it is bad enough, so bad that the evil cries out for amelioration. Thousands of creditless men and women, chiefly wage earners, have at times found themselves in virtual bond slavery to these loan sharks, who collect, on character loans, interest that runs from a hundred to five hundred per cent a year.

The Small Loan Law offered in the Legislature would have driven these gentry out of business, by legalizing a maximum rate of three and one-half per cent a month on unsecured character loans. Experience in other States has shown that such loans cannot be made at a much lower rate, because of the natural hazards of the business.

Forty-two per cent interest a year sounds large, and it is large when contrasted with the rates charged in the normally safe business of making commercial and farm loans. But to the city workingman in hard luck, with nothing but his character to offer as security on a fifty-dollar loan, there is a whale of a difference between forty-two per cent and four hundred per cent.

At present the loan shark gets that difference. The Small Loan Law, [illegible] dorsed by virtually every organizati that has studied the loan shark proble would give this difference—the differe between $21 and $168—to the workin man instead of to the parasite who pre on the workingman.

But the workingman cannot have t relief, it seems. The Minnesota Sen has defeated the bill, with most of t rural Senators voting for the loan sha and against the workingman.

We do not care to believe that t country Senators thought they were a ing the loan shark when they so vot We prefer to believe that they were m led by clever arguments, into believi that the proposed law would permit c lection of higher interest rates on loa to farmers.

A baseless argument, because the Sm Loan Bill, in the form in which it n its Senate defeat, was so hedged w amendments that the three and one-h per cent monthly rate could never ha been charged outside the three cities the first class.

Concede that the rural Senators ha not been the conscious allies of the lo shark. Even so, the blow they ha struck the workingman is not lighter by his knowledge that these lawmak from the country districts didn't rea mean to hurt him.—*Minneapolis Journ March 24, 1927.*

FLORIDA

On Thursday evening, March 17, 19 there was a meeting called at the Flo dan Hotel in Tampa, Fla., inviting the licensees of the state to meet a form a State Association.

The following licensees attended a the State Association was formed:

Personal Finance Co. of Jacksonvil Personal Finance Co. of Tampa, Ben ficial Loan Society of St. Petersbu Economic Loan Co. Inc. of Tampa, M tual Finance Co. of Tampa, Industr Loan Co. of Tampa.

An interesting talk on the loan busin was given by Colonel Hodson of t Beneficial Operating Bureau of N York.

The meeting was called to order a E. F. Moore of the Beneficial Operati Bureau, Philadelphia, took the chair te porarily.

The following officers were elect E. R. Kichline, Chairman; James Reid, Vice-Chairman; J. R. Standri Secretary; J. H. Ehlers, Treasurer.

The Chairman of Unorganized Ter tory is notified that the state of Flor is now organized.

Consideration will probably soon given to affiliation with the A. I. L. A.

J. R. STANDRING,
Secretary

COLUMBUS, I. L. A.

The eighteenth regular meeting of t Columbus Industrial Lenders Associati was held Thursday Evening Februa 17th, 1927, at the offices of the Ol Finance Company, 43 W. Long Stre Meeting was called to order by Preside V. A. Jackson at 7:45 P. M.

The following new Officers assum their duties for the year of 1927: V. Jackson, President; J. B. Otey, Vic President; R. V. Ray, Secretary; C. Miller, Treasurer.

Roll Call: 9 present; 6 absent.

Minutes were read, corrected, and approved, followed by committee reports. Chairman of the Loan File Committee reported that Loan File would be ready for operation March 1st.

A copy of the new stationery was submitted, corrected and approved and the secretary was authorized to order one thousand envelopes and one thousand sheets to conform with same.

The Association was honored by the presence of Mr. Gerry J. Dirkson, Superintendent of the Community Finance Service, Inc. whose short talk on "Why I went into the Loan Business" was indeed very interesting and was appreciated by all present.

Moved by Mr. C. A. Miller seconded by Mr. Otey that the President appoint one member present for each absent member to visit the absentee and induce him to attend the meetings regularly. Carried.

Moved by Mr. Myers seconded by Mr. Thuma that the Secretary be instructed to write letters each Monday to members advising who is to speak and their topic at the regular Wednesday noon-day luncheons. Under remarks it was agreed that this only be given a trial and if satisfactory would be continued. Carried.

Mover by Mr. Otey seconded by Mr. C. A. Miller that the President appoint some member each week to prepare a five minute paper on some topic beneficial to the Small Loan Business to be read and discussed at the Wednesday noon-day luncheon. President to appoint member and suggest topic at the preceding luncheon. Carried.

Moved by Mr. Myers seconded by Mr. Otey that the Secretary prepare a condensed form of the minutes and submit them each month to the National Secretary for publication in the Industrial Lenders News. Carried.

The following commitees were appointed by the President to serve during the year of 1927:

Membership Committee: Mr. Robey, Chairman; Mr. H. S. Miller, Mr. J. Meyers.

Luncheon Committee: Mr. H. S. Miller, Chairman; Mr. Smith, Mr. Amberg.

Loan File Committee: Mr. Thuma, Chairman; Mr. Gaffney, Mr. Lair.

Publicity Committee: Mr. Myers, Chairman; Mr. Thuma, Mr. Friedman.

President then opened the meeting to discussion on any topic beneficial to the loan business.

The local organization was organized nineteen months ago and during these few months its membership has increased from five to sixteen and we are not only proud of the progress made but sincerely believe that Columbus has one of the finest organizations of this kind in the country.

Our regular meetings are held the third Thursday evening of each month, also we have noon-day luncheons Wednesday noon of each week and we wish to extend a cordial invitation to any lender to attend any one of these meetings.

R. V. Ray,
Secretary.

"SKIPS"

Does the publication in the News of a list of names of persons whose whereabouts are unknown, ever help any member in the location of any of their skips? Any member having had any experience in this connection will oblige the National Secretary by writing to him about this matter.

PROMOTIONS

The following promotions have become effective in the ranks of Beneficial Operating Bureau:

Effective February 5th, Everett W. Barnes, formerly Loan Manager in training, was promoted to Loan Manager of the Elgin, Ill., office.

Effective February 8th, Eugene Franck, formerly assistant manager, was promoted to loan manager of the Memphis, Tenn., office.

Effective February 28th, Joseph B. Klock, formerly assistent manager at Germantown, Phila., was promoted to loan manager of Richmond, Va.

Effective March 5th, Ralph Maloney, formerly assistant manager of Chester, Pa., was promoted to loan manager of this office.

F. M. Gannon, formerly assistant manager at the Boston office has been promoted to loan manager at Malden, Mass.

Joseph B. Cromwell, former loan manager at Davenport, Iowa, to traveling auditor.

Dorah E. Renshaw, former assistant manager at Davenport, Iowa, to loan manager.

Harold A. Duston was promoted to loan manager at Muskegon, Mich.

R. R. Choate, former loan manager at Muskegon, Mich., was transferred to Sioux City, Iowa, as loan manager.

The following new office has been opened under the supervision of Beneficial Operating Bureau:

Personal Finance Company,
Room 25 Rotary Building,
110 Pleasant Street,
Malden, Mass.

MIAMI COLLECTIONS

Members having accounts to be collected in Miami, Florida, or skips to be located might find the J. & J. Collecting Agency, 503 Olympia Building, Miami, Florida, of some service to them in the absence of a member of the A. I. L. A. in that city. By and by we may expect to see an office operating in that city under the Florida Small Loan Law which we hope to have identified with the prospective Florida Association and the A. I. L. A.

BALTIMORE ON THE AIR

Recently there was broadcasted over W. B. A. L., Baltimore's Super-power radio station, an address by the Hon. Howard Bryant, President City Council of Baltimore, entitled, "Baltimore A City of Efficiency and Economy" which has since been issued in handsome booklet form by the Maryland Industrial Lenders Association of which Mr. Bryant is Counsel. Our congratulations are extended to the author and publisher upon this excellent public service.

ILLINOIS

Illinois members will hold a Spring quarterly meeting April 28th, at the Palmer House, in the Red Lacquer room, Chicago.

A business meeting will be held in the afternoon and after 6 p. m. there will be an informal dinner and dance.

The guest of honor and speaker will be Lieutenant Governor W. S. Nolan of Minnesota and the very best of music will be provided for dancing. Our Spring dinner and dance held a year ago was a huge success with an attendance of two hundred and it is planned to make this our very best affair.

We want every one to be present and bring the entire force as well as the family, for this is to be a never-to-be-forgotten event.

J. H. Sanderson, *Secretary.*

NEW JERSEY

Twelfth Annual Meeting of the New Jersey Industrial Lenders' Association held at the Robert Treat Hotel, Newark, N. J., March 22, 1927

The New Jersey Industrial Lenders' Association held their 12th Annual Meeting and Banquet at the Robert Treat Hotel, Newark, N. J., Tuesday March 22, 1927. The meeting was well attended. Many interesting subjects were discussed, including a very interesting debate on the subject, "Should loans be made to wife without husband's signature, or to husband without wife's signature?" and E. H. Lambert of the Guarantee Loan Company submitted a paper which is published in the Lenders' News, setting forth facts pertaining to the debate.

The banquet was held in the ball room and was a success from every angle, the attendance being larger than at any previous meeting. Colonel Gilbert J. Badger acted as Toastmaster and introduced the speakers in a very effective manner.

The National Chairman, William Young, delivered a very interesting speech, urging all members to uphold the dignity of their business, stating that it is a very esesntial and necessary part of the country's financial system and that we should band together and fight against the unscrupulous lenders who seeks to tear down the ideals of the leaders in this business. His speech was interspersed with bits of humor, which our good friend is capable of.

Charles H. Watts, President of the Beneficial Operating Bureau, was a very interesting speaker. He pointed out the wonderful work that the Lenders are doing and also visualized what could be done in the next ten years, stating that there was need in this country for one hundred and fifty million dollars that could be used in the Industrial Banking business, also stating that the business in general was underfinanced. He stated that the Lenders in general are anxious to help their clients get out of debt and stated that the Budget Plan could be worked very satisfactorily as this would help the average borrower obtain a true picture of his financial condition, and limit his expenditures according to his income and it would be a matter of a short time until the Lender could take the borrower across the street to the bank and help him get started in a systematic method of saving, so that he would have a nice reserve built up for the emergency and in this way we would be rendering a real service to the necessitous borrower. Mr. Watts laid a lot of stress on thinking things through. Do not think for the immediate present, he said, but look ahead and try and visualize the outcome of the present transaction that it may be profitable to the person who you are dealing with, as well as yourself.

While the courses were being served we were entertained and joined in the singing of old time songs, lead by a very able leader from the Thornton Webster En-

tertainment Bureau. A special entertainment was provided during this course, as the leader called on the speakers to sing a little song entitled, "The Sidewalks of New York." The members were very much surprised to find out how well the National Chairman, Mr. Young, and the Honorable Charles H. Watts could sing. In fact a few more meetings of this kind may develop hidden talent unthought of heretofore.

Colonel Badger had a surprise speaker for us in the name of Senator Charles Havican. Instead of being a Senator, we found out after a few minutes of talk that he was a humorous lecturer, and needless to say he kept the members in gales of laughter throughout the time limited to him.

Another feature of the entertainment was Pauline Travis, a character impersonator, who gave impersonations of Harry Lauder and the English "Tommy."

The Radio Franks entertained us in a manner that you no doubt are familiar with.

Music was furnished by Jay Cox and his Essex County Country Club Orchestra. After the speaking, members engaged in dancing until the early hours of the morning and everyone seemed to have had a wonderful time.

BENEFICIAL OPERATING BUREAU, INC., HOLDS SUPERVISOR'S CONFERENCE AT HOTEL PENNSYLVANIA, NEW YORK CITY

Beneficial Operating Bureau, Inc. held its sixth quarterly Supervisors' Conference at Hotel Pennsylvania, New York City, March 10, 11 and 12. Charles H. Watts, President of the Operating Bureau, presided over the three day meeting.

At the luncheon on Thursday, March 10, the meeting was addressed by Judge Richard H. Lee on the subject of "Goodwill and Its Cultivation." Judge Lee pointed out the importance for the industrial loan business of friendly regard by the general public, and indicated both broadly and concretely how good will can be cultivated by members of the supervisory and service staffs. His remarks went to the heart of everyone present.

The next speaker was Joseph A. Reichart, President of Clarence Hodson & Co., Inc., who detailed the successful operations of that company over the last thirty-four years. Mr. Reichart spoke at great length on the coöperation and coördination of financing of small loan offices, and the relation of the financing organization to the management organization. Mr. Reichart is an able and convincing speaker, and his talks are always inspiring to those who have the opportunity to listen to him.

At the dinner which was also held at the Hotel Pennsylvania in the southeast ballroom on the same evening, Charles H. Watts was Toastmaster. The speakers were Northern Supervisor, A. G. Zimmerman, Eastern Supervisor, E. C. Millard, Southern Supervisor, E. F. Moore, Central Supervisor, C. G. Liggett and Western Supervisor, E. R Klein. Western Supervisor, E. R. Klein was presented with a traveling bag by David H. Finck, Educational Director of the Industrial Lenders Technical Institute, in appreciation of his coöperation and realization of the ever increasing service of the Institute in the small loan field.

On Friday, March 11, the morning business session of the meeting was addressed by George Beavers, President of Collateral Bankers, Inc., who spoke on the work of the fast growing organization of which he is the President, and its relationship with operating loan offices. Mr. Beavers is another of those who have made their mark in the financial world before association with the Hodson Enterprises. His talk revealed the thoroughness of his understanding of the problems confronting his department and involved in the operation of chain loan offices under the Beneficial Operating Bureau.

At the luncheon on Friday, Edmund R. Beckwith, head of the legal department of the Beneficial Operating Bureau, delivered an interesting talk on "Every Man's Double Life." Mr. Beckwith's attainments as a lawyer are only equalled by his ability at making after dinner addresses. His talk was a delight and a source of inspiration for all present. Mr. Beckwith was followed by R. D. Shepard, General Auditor of the Beneficial Operating Bureau, who spoke on the subject of "When Should An Auditor Cease to Listen and Begin to Talk." The title of Mr. Shepard's discourse was a camouflage intended to disguise his analysis of the ideal operation of his department and its coöperation with other management departments. The applause indicated that his hearers agreed wholeheartedly.

On the evening of Friday, March 11, dinner a la carte was served in the Hotel Pennsylvania Grill, following which all proceeded to the Imperial Theatre for the performance of "Oh Kay."

Saturday, March 12, was devoted to winding up the business of the Conference. At each Conference one or more newcomers to the ranks are present, and are duly initiated into the Supervisor's Club. At this Conference Herman C. Moore of Baltimore and Mr. "Jimmy" Lewis of Philadelphia were among the newcomers to be initiated. Other candidates who were admitted into the circle at this Conference were former Loan Managers, Joseph V. Cromwell and Martin F. Snyder who were promoted to Traveling Auditors since the date of the last Supervisors' Conference.

Those present were: Charles H. Watts, President of the Beneficial Operating Bureau, O. W. Caspersen, Vice-President, E. R. Beckwith, General Attorney, R. E. Tucker, Comptroller, R. D. Shepard, General Auditor, H. S. Turner, Secretary, Dr. M. R. Neifeld, Statistician, H. E. Denegar, Advertising Manager, T. L. Edholm, Purchasing Agent, Clarence Hodson, Jr., Assistant to President, L. J. Ingram, Executive Secretary to President, David H. Finck, Educational Director, Paul V. Hough, Senior Instructor of the Institute; A. G. Zimmerman, Northern Supervisor; E. C. Millard, Eastern Supervisor; E. F. Moore, Southern Supervisor; C. G. Ligget, Central Supervisor; E. R. Klein, Western Supervisor; H. A. Morgan, Assistant Northern Supervisor; C. B. Baldwin and H. C. Moore, Assistant Eastern Supervisors; G. S. Knapp and J. C. Lewis, Assistant Southern Supervisors; A. C. Christensen and L. C. Dunn, Assistant Central Supervisors; A. K. Dolliver and A. D. Bennett, Assistant Western Supervisors; C. H. Wilcoxen, A. A. Nalter, H. Disser, F. C. Hallowell, A. Murchie, G. W. Curry, Martin F. Snyder, and Joseph V. Cromwell, Traveling Auditors.

AN ACT CONCERNING MORTGAGES ON CHATTELS (REVISION OF 1902)

10. Acknowledgment of Mortgages by husband and wife.—Every chattel mortgage, bill of conditional sale, conveyance or other instrument, in writing, of the nature of a chattel mortgage hereafter made upon, or for any household goods and furniture in the use and possession of any family, not given to secure the purchase-money for such goods and furniture thus in use and possession, shall be absolutely void and of no effect or validity, unless such mortgage, bill of conditional sale, conveyance or instrument, in writing, intended to affect such household goods and furniture shall be first duly signed, sealed, executed and acknowledged, according to law, by the husband and wife of the family, and be recorded as herein provided in the county where such household goods and furniture may be situate at the time of the execution thereof. (P. L. 1902, p. 489.)

FISHERMEN NOTE!

Outdoor Life for April, 1927, includes an interesting article by H. W. Mittag Secretary of the Miami Anglers' Club entitled "Outdoor Life Barbless Hook Trophy" which features the catch of 7½-foot sailfish on a barbless hook by Samuel Jay Masters, for whom the Master Loan Service, operating legalized small loan offices in Maryland, Virginia and Georgia, is named. The author of the article speaks of the beautiful prize donated by *Outdoor Life* for the largest fish taken on barbless hook during the year 1926 and which was awarded to Mr. Masters, in a manner that might make some old fishermen jealous, especially since Mr. Masters has but one arm.

PLAINTIFF IN $10 SUIT IS ORDERED TO REFUND $7.10 TO DEFENDANT

Although named as defendant in a suit to collect a note for $10, Tom Hooper, negro, Wednesday walked out of Judge L. F. McClelland's division of municipal court without paying the note and with an order the plaintiff, T. C. Robertson and Son to refund him $7.10.

Hooper testified that he had paid $1 on the original loan of $10 and Judge McClelland after estimating the rate of interest ordered that $7.10 be refunded to the negro, in addition to cancellation of the note.—*Atlanta Journal, 3-30-27.*

A Shelbyville, Ind., newspaper quotes R. B. Money, Manager of the Capital Loan Co., as follows:

"What has become of the Loan Shark? Mr. Money says this question and its answer are of vital interest to the business world. "And how was he exterminated in 21 states? What social change accompanied his passing? The Russell Sage Foundation says that legitimate business is the answer to all these questions. The loan shark has been curbed not by prosecution, but by inducing private capital to meet the legitimate credit needs of the average citizen. Small Loan Laws now recognize that the problem can be be solved by permitting an extra banking rate to cover actual cost of making small loans at a profit comparable to that found by capital in other decent enterprise. Indiana was the pioneer among the states which have passed this law: it represents the judgments and experience of many years."—*3-30-27.*

HIGH INTEREST AT BEST; SMALL LOANS

The kind of law planned in Missouri is operation in twenty-one states and has oved effective in putting the loan shark it of business. No rate righer than that xed by law could be charged without curring heavy penalties. The loans to hich that maximum rate applies could ot exceed $300.

Former Governor Lowden of Illinois lls of the situation when a measure milar to that now proposed in Missouri me up in his state when he was chief xecutive:

"When the bill was called to my atten-on my first impression was unfavorable ecause of the high rate of interest al-owed under the law. However, upon xamination, I found that the class of orrowers the law was intended to serve as then paying from 15 to 25 per cent month upon loans. I therefore favored he legislation and it was enacted into w. The operation of the law in Illinois as justified its enactment."—*New Haven ournal-Courier, 3-30-27.*

JURY WILL PASS ON LOAN LAW

A jury in Judge Virlyn B. Moore's ivision of Superior Court will decide a est case involving the Georgia small loan aw, it became known Thursday after-oon when a demurrer to a petition was verruled by the judge.

W. B. and Rosa Perry charge that they aid the Fulton National Bank a discount ee of $5 and Harris Brothers, Inc., an ndorsement fee of $20 upon renewal of mall loans by the bank, and claim that his is in violation of the small loan act.

The jury will decide whether the ar-angement under which a separate fee vas paid Harris Brothers for indorsement vas a scheme to evade the provisions of he law. The decision will affect only oans of $300 and under.—*Atlanta Geor-ian, 3-11-27.*

LOAN SHARKS AND OTHERS

To the Editor of *The World:*

Let us hope that some of the periodic ndignation poured upon the heads of the oan sharks may have a salutary effect on he public morals.

Loan sharks are berated for taking xorbitant profits, but their 18 per cent s a mere drop in the bucket when com-ared to the profits taken by the most uccessful banking, oil, automobile, real-state and other corporations and indi-iduals. The only difference is that the njury wrought by the loan sharks is a glaring one, while that wrought by other orms of unlimited profits is not so easily nderstood.

Laws limiting interest rates to a certain er cent do not take into consideration he risk involved in each particular case. n some cases the risk is small. In others he risk is great. Therefore the fixing f a certain limit to cover all cases is economically unsound, just as it would be o similarly limit profits.

The whole trouble is that we have laws hat do not coincide with sound economics, nd we have unsound economic practices hat are not curbed by sound laws.

Since the risks of any business are imited to the amount of the invested capital, the gains should be limited to just enough to induce a sufficient invest-ment in any given enterprise. All profits above this specification should go to the consumer, who is the main factor in any enterprise, because without him the busi-ness could not exist. These surplus profits should be prorated to the consumer in accordance with the amount of his purchases as determined by his holdings of coupons given with each purchase.

To permit a healthy expansion of the business these prorated surplus profits should be in the shape of shares in the business if further capital were needed, or cash where more capital was not necessary. This would bring about a fair distribution of wealth and would, by in-creasing the buying power of the con-sumers, permanently stabilize trade and bring lasting prosperity.

Lowe Shearon.

New York, Jan. 19.

—N. Y. World, 1-22-27.

COURT ASSESSES TWO FOR USURY

Fines of $300 Follow Attempt to Collect $73 on $25 Loan

Osborne Taylor of the Union Finance Co., 69 Wisconsin St., and Charles La Ray of the Milwaukee Purchasing Co., 130 Grand Ave., were each fined $300 Friday on a charge of usury. They were accused on the testimony of Earl Engebretson, 1126 State St., who borrowed $25 last March, paid back $43 and under the interest demanded still owed $30.

Engebretson was a bus driver and when in need of a loan to meet pressing house-hold expenses went to the finance com-pany and borrowed $25. The loan was in the nature of an assignment on his future wages, according to John Filut, assistant district attorney. The charges each pay day were so great that the bor-rower could not catch up.

According to Mr. Filut the matter came to the district attorney's attention when Engebretson approached his em-ployers seeking an advance on his wages to meet current expenses. When the em-ployers heard of the circumstances they sent Engebretson to the district attorney with his story. The warrants for Taylor and La Ray followed.—*Milwaukee Jour-nal, 1-21-27.*

THINKS SMALL LOAN COM-PANIES MEET A REAL NEED

Editor, *The News Leader:*

Sir,—Being very much interested in young people, and also having witnessed the necessity of the working man to bor-row at times, I find that the article be-low, an editorial in the *Saturday Evening Post* of Feb. 19, 1927, expresses my views on the small loan companies.

"Twenty years ago the loan-shark evil had assumed such proportions that a con-certed drive was launched against it. Many oppressive practices were broken up and the rapacity of the usurers was made less effective. Largely through the efforts of the Russell Sage Foundation, twenty-one states adopted small-loan leg-islation. These laws do not pretend to make credit cheap and easy, but at least they require the licensing and control of money lenders, they usually limit the in-terest rate to 3½ per cent a month and they give the borrower a fighting chance to escape from life peonage.

"The most vicious type of usury is practiced today under the appellations of 'salary buying.' The lender, to evade the law, frames a fictitious transaction in which the loan purports to be the pur-chase price of a claim on the borrower's next pay check. The borrower is often required to declare in writing that the transaction is a sale and not a loan. The procedure is simplicity itself. Suppose a salaried man has a sick wife or a new baby and stands in urgent need of a little ready cash. If he asks for twenty-five dollars, he will be required to "sell" the lender an assignment of twenty-seven and half dollars salary money due within a fortnight. When pay day arrives the lender will allow him to take up the assignment; but as he is usually unable to do so, the transaction is repeated, and another two and a half dollars goes into the loan shark's pocket. Such arrange-ments are often repeated month in and mon.h out until the principal of the loan has been repaid over and over again.

"Salary buyers are not fastidious in their choice of methods of collecting either principal or interest. As many cor-porations discharge men whose wages have been garnished, the poor debtor stands in constant fear of the loss of his job. Other means for putting on the screws are easily found; the borrower is hounded and his life made miserable. The lucky ones and those who can persuade their employers to disregard assignments and stand suit. Salary buyers are never quite at ease in a courtroom and judges are rarely deceived by the frivolous pre-tense of a loan shark that he is in good faith, a buyer and not a lender.

"Centuries of experience have proved that it is next to impossible to stamp out usury by mere process of law. No mat-ter how drastic the statute, the necessitous borrower and the greedy lender will al-ways manage to get together and do busi-ness. There is only one way to make the loan shark shut up shop, and that is to set up a competition that he does not care to meet. In many cities this has already been done on a small scale; but the country as a whole is still virgin territory for the establishment of agencies for granting small unsecured loans at mod-erate interest rates to salaried workers. At least two far-flung chains of such agencies are in successful operation. Most significant of all are the local and mutual lending organizations.

"In New York and Massachusetts so-called credit unions are assuming in-creasing importance and the opportunity for their further extension and develop-ment is almost unlimited. These associa-tions lend to members only. Borrowing members pay a liberal but not excessive rate of interest and those who lend get a generous return upon their deposits. Sound management is all they require to make them exceedingly useful to bor-rowers and lenders alike.

"Loan sharks and salary buyers cannot thrive in competition with these credit unions. Any community or employes of any large corporation in the twenty-four states which allow such associations may set up a credit union. The organization of such bodies has been carefully stand-ardized and no pains have been spared to make them relatively foolproof. The Remedial Loan Department of the Russell Sage Foundation, at 130 East Twenty-second Street, New York City, has made an intensive study of these societies and can give interested persons full informa-tion regarding their establishment and operation.

"Our commercial credit machinery is perhaps the most perfect in the world; but we still have much to learn about financing the emergencies of the little fel-low who has no assets save his character and no collateral but his bare hands."

I do not believe that Russell Sage Foundation would back an organization of this kind if it was not a necessity, and in my opinion the small loan companies are filling a need which is not touched by any other banking institution.

A THINKER.

—Richmond, Va., News Leader.

LOAN SHARK RETURNS AS A BUYER OF WAGES

Evils of the Old System of Usurious Loans Have Reappeared in Railway and Industrial Centres — Laws Will Be Tested in Effort to Stamp Out This Menace

BY J. C. LAUE

Salary-buying loan sharks backed by ample funds they have wrung from the unfortunate are defying the uniform small loan laws passed by twenty-two states. Coming from the South, where for a generation they have preyed upon negro and white labor alike, they are now invading the rich industrial cities of the North and West.

Agencies that have been trying to protect the small borrower from the usurer, aroused by the threat to their carefully drafted laws, are seeking to combat the menace. Merchants' associations, Chambers of Commerce, Better Business Bureaus, Labor, the railroads and civic agencies are separately attacking the evil. Strenuous efforts are being made by the Russell Sage Foundation to coördinate the defenders of the laws to meet the attack. The challenge has been accepted and a vigorous fight is in prospect.

The organizations thus arrayed, in addition to defending the small loan laws, are put to the added strain of extending such legislation to the twenty-six remaining states where there is nothing to curb the usurer. The threat against the small loan laws by legal attack and legislative amendment has made more difficult the extension of legislation to the unprotected territory, according to Leon Henderson, Director of the Department of Remedial Loans of the Foundation.

The issue is about to be contested in Minnesota, Kansas and Missouri, where advocates of small loan laws will appeal to the incoming Legislatures to outlaw usury. Legal tests are pending in Jersey City, Syracuse and Atlanta over the application of loan law regulation to the wage-buying brokers. Strenuous efforts are already being made to have employers refuse any longer to be collecting agents for the illegal lenders.

EXTENT OF WAGE BUYING

It is estimated that 100,000 railroad workers in 1,000 railroad centres are paying toll of from 240 to 1,000 per cent to these unscrupulous lenders, who buy earned wages at heavy discounts. The existence of over 350 individual offices is known, and each office handles from 400 to 1,000 accounts.

Salary buyers have obtained a foothold in Detroit among the motor workers, in Syracuse among employes in typewriter and machine works, in St. Louis among the shoe workers and among steel workers in Kansas City. All trades in Atlanta are infested by loan sharks. Municipal employes in Oklahoma City are being preyed upon, selling their pay vouchers at a heavy loss. Certain agencies in New York City are buying the earned commission of insurance agents at heavy discounts.

Automobile and traction workers are particularly susceptible, for they are frequently in need of cash when the company holds earned wages for payment on a bi-weekly or monthly basis. Even when wages are paid up to date, the loan sharks keep up the salary-buying pretense as long as the employe has a salary to sell. Rural as well as industrial areas are honeycombed with secret little offices where this type of usurer does business. The Commissioner of Labor of Arkansas reports that in every city and town of 5,000 or more population there exists this kind of loan shark.

Beginning in Georgia, Alabama, Tennessee, Louisiana and Missouri, their banner territory, the salary-buying sharks began to capitalize their enormous profits and pushed first into Texas, then up into the tier of states east of the Mississippi, a rich loan territory. Their profits continuing to swell, they ventured into states where they were excluded by law. In six months in a rich industrial community they could clean up and decamp if things got too hot for them. If no public agency interfered, and since the detection of the loan shark is frquently nobody's business, his stay became indefinite. Frequently he could cross the state line and remain secure. When driven out of Cincinnati, offices were established across the line in Covington, for Kentucky has no small loan law. When a favorable decision was obtained in the Ohio courts, they quickly moved back.

RAILWAY REFUSES TO PAY

The northern invasion from Atlanta, where the big salary-buying chains have their headquarters, began two and a half years ago. They tried to operate in Maryland first. They began to solicit business among railroad men, but promptly hit a snag when the Baltimore & Ohio Railroad refused to honor their claims on employes' wages. The road's contention that salary buying is usury and therefore unlawful was upheld in the Supreme Court. Other roads were not so vigilant, but the loan sharks were eventually driven out of the railroad centres in the state. The Legislature also strengthened the law so that the purchase on assignment of wages is covered by the small loan provision.

Meeting with but partial success in Maryland, the salary-buyers went to other territory. They started operations in Iowa, Illinois, Michigan, Indiana, Ohio, Pennsylvania, Virginia, New Jersey and New York. They are doing a big and prontable business in these states today.

The borrower is often a working man. He may pay the entire principal of the loan and many times the legal rate of interest, but still he is held fast. If he fails to meet the bi-weekly instalment of 10 per cent interest he is threatened with the loss of his job if the wage claim is made on the employer by the lender. Rather than "squeal" men have been known to go to other loan sharks to raise money to pay the first. One man is on record who had ten such leeches hanging to him before he was forced into bankruptcy.

A so-called sale of wages is a simple transaction, requiring but a few minutes to complete and none of the extensive investigation of credit that usually accompanies grants of credits and loans. A railroad employe can get a loan in five minutes by showing his badge and signing his name twice. He signs both parts of a perforated sheet, one part of which is headed "Application to Sell Account for Wages or Salary," and the other pa of which is a standard bill of sale. O the bottom of the bill of sale the bo rower is required to write: "This is sale, not a loan."

Newspapers in many cities have r vealed the consequences of these ill-co sidered loans. A few cases may be cit showing that once in the clutches of t usurer the victim rarely escapes. T plight of B. J. Vaughn, a railroad ma chinist for the Wabash Railroad in S Louis, is considered a fit subject for t pen of another Charles Dickens. He w in "hock" to sixteen loan sharks befo he took refuge in a bankruptcy action.

Five years ago he made his first loa when he obtained $25 from a mone lenging company to help pay medic expenses for his first baby. The princip still remains unpaid, but Vaughn neve theless has given the company $300 i terest. For three years the Vaug family lived from hand to mouth, whi the head of the family paid tribute to t usurers.

St. Louis is one of the most lucrati fields for the salary-buyer, with betwe fifty and sixty offices flourishing on t misery of improvident wage earne Many other cities are paying heavy to

DRIVEN OUT OF CHICAGO

In Chicago they reaped a harvest fro railroad workers until their depredatio were discovered and they were prosecut and driven from the city. One shark g $1,008 in interest on a $120 loan from Chicago switchman who renewed his lo from pay day to pay day over a peri of four years. When the bleeding railroad workers became general, war w opened on the usurers by the Stat Attorney, the United Charities and t licensed lenders. The railroads coö erated. In a short time some of the co panies went out of business and t others cut down their profits.

Charges on loans of 1,733 per cent year by salary-purchasing concerns we revealed recently in Philadelphia. Peoria, Ill., postoffice employes who g entangled paid $80 interest in six mont for a $50 loan. Macon, Ga., support nineteen loan sharks who charged $2 make a $10 loan even for a day.

One of the most remarkable situatio was recently unearthed in Jersey Ci More than 2,500 railroad men were in t clutches of salary-buyers before the w a revolt of the victims. Every brakema switch-tender, fireman and engineman the Greenville (N. J.) yard of the Per sylvania Railroad was reported to ha become involved. All had borrowed fr $25 to $50 at 10 per cent interest eve two weeks. The total loaned was m than $80,000. Upward of $20,000 month interest was collected by t lenders. After six months they had gained their capital, still held the b rowers' paper and were reaping nea seven times the legal rate of interest small loans and thirty times the inter a man would have to pay on money b rowed from a bank. Finally the victi got together and refused to be bled a longer. The lenders presented the wa claims to the various railroads, which fused to honor them. Suits to reco from the borrowers are now pending the New Jersey courts.

The transition of these activities fr railroad centres to factory and to cleri workers has been a recent developme Personal canvass is their most success means of finding borrowers. Of

oitly worded cards are handed out at factory gates. An enterprising run- for a lending agency stood at the en- nce to the Timken-Detroit Axle mpany. G. W. Dickerson, Vice- esident, passing out at the end of the , received a card informing him where asy Money for Salaried Men" could obtained. He discovered on investi- ing that the loan shark evil he thought d been banished for many years had ne back in a new guise and was urishing in the Detroit automobile in- stry.

Almost unbelievable cases have recently en exposed—cases of extortion and in- idation practiced by salary buyers ough their "affiliated blackmail sys- n," as it is styled by *The Atlanta Con- tution*. The usual procedure following n-payment is for the salary-buyer to tify the employer, who, not being aware t the transaction is an illegal, usurious e, holds up the employe's pay until a ease is obtained. Some employers send entire check to the salary-buyers. Re- ntly this was done in a case where the ount involved was $7. The loan shark k out $15.75—"to teach the borrower esson."

Meeting the Emergency

A nation-wide fight on usury has been ewed, with individual campaigns con- cted against loan sharks in various ies. Banks and legitimate lending in- tutions are taking a hand. Practical ople realize that when the usurer is ped out the task is only half done, for ess there is an agency where persons eding cash can get small loans he will me back to the fold and exact his toll. The borrowing habits of the average izen have undergone an amazing change states that regulate the lending of all loans, Mr. Henderson of the Sage undation has found. The emergency ed for money, a constantly recurring ed, can be met in several ways, de- ndent upon the security which the bor- wer is able to offer. Legitimate in- strial lending companies and bankers ve met this need. Financial service at asonable cost is provided by a large mber of legitimate lenders who are erating under the uniform small loan ws in effect in the twenty-two protected ates. These lending agencies under the w are limited to 3½ per cent a month terest. Instalment payments on loans e permitted and no loan is made unless e man's wife signs the application.

A still more popular agency based on öperative enterprise has met the in- easing need of supplying small loans to orkers especially. This device to supply w cost finance for the worker is the edit union. It is being developed as one the most effective means of checking ury. Many of them have been oper- ing with continuous success in Mas- chusetts, New York and North Carolina. the credit union members may deposit all savings conveniently and borrow oney from the union on the security of eir savings and their reputation for rift and honesty among members of the ganization. Profits earned through ans are paid back to the members. Its hole success depends on reliable knowl- ge of the credit standing of each mem- r in the group. It is admirably adapted r railroad men and factory workers or any compact unit of wage earners who ow each other's capacity as earners. he credit union is considered the best means of meeting the needs on which the oan shark thrives.

Among employing groups, labor or- ganizations, civic associations, all those nterested in upholding or advancing standards of living, the necessity of ex- terminating the salary-buyer and other loan sharks is again being stressed. The results of his exaction fall not only on the wage-earner and his family, which suffers, but also on the employer, who is subjected to costly annoyance and must experience a lowering of employe morale. The worker laboring under constant fear of loss of job cannot do justice to his task. Extortions of the rapacious lender lower the worker's standard of living. He falls below the level of his fellow worker and this adds to unrest and labor turn- over.

The loan sharks' depredations are also a menace to sound business and to licensed lenders. In St. Louis, where salary- buyers seem to have found another prom- ised land, thirty industrial lenders were forced to form an association to protect their assets. Many borrowers were so deeply in debt to the usurers that they could pay neither the loan sharks nor the legitimate lenders, and were thus forced into bankruptcy.

Finally the virtues of savings, of thrift, of meeting one's obligations are con- stantly being sapped where the working population yields to the blandishments of the usurer, and storekeepers and small merchants have to bear the losses result- ing. All these consequences and the gen- eral undermining of community morale and standards have helped stimulate a new assault on usury. "Don't pay the loan shark" is one of the slogans adopted by employers and by workers. The re- sult has been a series of setbacks and even losses for the grasping lenders in Jersey City, in Indianapolis, in Chicago, wherever a concerted drive against them was launched. But there remains a vast territory where the depredations of the modern usurer, the salary-buyer, are vir- tually unchecked.—*N. Y. Times, Feb. 27, 1927.*

MEETING SCHEDULE

MICHIGAN—Jackson, April 21st.

RHODE ISLAND—Providence, Biltmore Hotel, April 21st.

ILLINOIS—Chicago, Palmer House, April 28th.

TENNESSEE—Memphis, May.

INDIANA — Indianapolis, Claypool Hotel, May 18th.

MAINE—Portland, June.

NEW JERSEY—Asbury Park, June.

WEST VIRGINIA—Charleston, June 23d.

SYSTEMATIC ADVERTISING PAYS

N. A. Winter, *Des Moines, Ia.*

It is not how much advertising Loan Companies may do but it is how well and how regularly that advertising is done that counts. Whatever advertising you do, it is quite important that it be done systematically.

The main features of advertising which Loan Companies have found to be the most successful are direct-by-mail advertising, newspaper advertising and house-to-house distribution. In any well-planned advertising plan all three of these types of advertising should be used.

The main purpose of direct-by-mail advertising is that of keeping customers sold on the Company and its services with the idea in mind of conserving present business and developing new business through the channels of satisfied customers. By classifying your customer as "new customers" or those to whom a loan has just been made, "present customers" or those who are on the books at the present time and "old customers" or those who have paid up their loans in full, your direct-by-mail advertising plan can be easily handled.

The experience of Loan Companies shows that newspaper advertising, to be most successful, should be followed up regularly. There are people who see your advertising in your newspaper who perhaps won't need a loan to-day but who may need money next month, and because of the fact that you can't tell when they will be in the need for a loan it is necessary that the advertising be directed towards them continually. In addition to producing new business you will find that such systematic newspaper advertising will also have a tendency to keep your old customers sold on your Company.

Although it has been the custom for most Loan Companies in the past to use the classified section for their newspaper advertising, Companies have been coming to use display advertising also. Particularly is this true in smaller towns where the advertising rate will permit it.

House-to-house distribution of folders is one of the most dependable types of advertising that can be used to bring in quick results. Extreme care should be exercised however in the selection of advertising literature. Such descriptive folders should carry the true characteristics of dignity, trust worthiness and dependable service which are the big selling features of the modern Industrial Lender.

Again the importance of systematic distribution of such folders can not be too much emphasized. Some Companies make a complete distribution of their towns at least every three months.

Any advertising plan which follows the above outline and is carried out in a regular and systematic manner is bound to help build up any loan business where true service is given, and where the ideals of the modern Industrial Lender are followed in its conduct.

WE WANT LOAN MANAGERS AND INVESTIGATORS

Over fifty promotions in our System have made openings for experienced loan managers and inexperienced outside men.

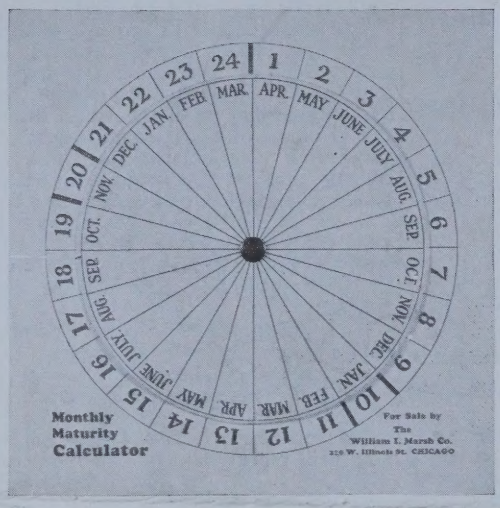
Willingness to study and adapt yourself to our policies as well as practices essential.

Our requirements are simple, but include honesty, loyalty, a clean record and a minimum of two years high school or its equivalent.

Prompt promotion to those who qualify.

All applications confidential.

Beneficial Operating Bureau,
Suite 1600,
468 Fourth Ave., New York City.



Monthly Maturity Calculator

THE LAW states that you must show "date of final payment" on statement of the loan.

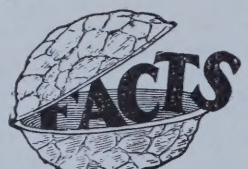
THIS CALCULATOR SHOWS AT A GLANCE JUST WHAT MONTH THE LOAN IS TO MATURE. *EXAMPLE*—This is March. Inner circle is set so that April is shown as the first month—then a fifteen month loan will mature in June, of the next year. ONE OF THESE SHOULD BE IN EACH CLOSING ROOM. Made of strong mounting board with easel back.

In Single Lots Sent Prepaid, **$1.25** In Lots of Six or More Sent Prepaid, Each **$1.00**

THE WILLIAM I. MARSH CO.

229 W. Illinois Street CHICAGO, ILLINOIS

Complete Outfitters for Industrial Loan Offices — Forms, Advertising and Calculators



In a Nutshell

ABOUT EASTER BUSINESS

¶ Eastertime is just a few days away. That means new and increased business for loan offices.

¶ But some loan offices will get more than their proportionate share of the Easter "melon."

¶ They will be the offices which are operated and managed by progressive loan men.

¶ Progressive loan men realize and are able to visualize the value of being a trained loan man. They know experience is the best teacher. But they realize it is slow. So they take advantage of the accumulated experience of hundreds of old timers in the loan business—

¶ They combine actual and present experience with past experience by taking the Institute Course. Have you their vision? Then write for information.

Industrial Lenders Technical Institute

468 Fourth Avenue, New York City.

INDUSTRIAL LENDERS TECHNICAL INSTITUTE,
468 Fourth Avenue, New York City.

Please send me, without obligation, information about your course in successful loan office management.

Name .....

Street and Number .....

City and State .....

mail the Coupon today

IDC

The World's Smallest Financial Jour

Published for the men who are busy broadcasting for business.

April Showers and Spare Ribs

Many a fashionable young lady has alized what a small vocabularly she h while April skies are crying their e out—

—and many a spring-suited young m all too late, begings to doubt what salesman said about it being "all wo

If women's dresses should ever shr the way some men's clothes we've se during April Showers, lots of them wo be going home in bathing suits.

Perhaps that's the reason the clothi started giving away an extra pair pants. (men's)

Yes, and they're starting to featur "Spare Stocking" for the women, too.

Pretty soon well have to attach a sp tire carrier to our hips and hang a light below it.

Thank heavens, many an A. E. F. v vet got a lot of practice carrying a p on his back.

When you build your next house architect will hang your "Spare Roo on the chimney.

I suppose it all started when Adam g away his "spare rib."

But how in the world did they sauerkraut mixed up with it?

That brings us to our subject wit bump.

If you can spare a sheet of station it is my suggestion that you have y steno write for some samples of adv tising folders which we have been f nishing to Industrial Lenders by the r lions, at less than they'd cost locally.

Yes, and ask about the monthly "Ind trial Lenders Advertising Service" wh I have the honor of sending to many your good friends.

Don't wait for a "spare" moment. Write me now—no obligation of cou

A. H. Winter

N. A. WINTER

Industrial Lenders Advertising Helps

DES MOINES, IOW

2,385
IL

INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

LIBRARY OF THE
MAY 26 1927
UNIVERSITY OF ILLINOIS

ol. XI, No. 11. MAY, 1927. Price, $1.00 a ye

Dr. Gray, Judge Johnson and Others Make Stirring Addresses at Scranton P. I. L. A. Meeting, March 24

THE proceedings of the meeting follow:

Mr. C. H. Watts: I want to take is moment to ask your pardon, because have been enjoying the company of th the doctor on my right and the dge on my left; and I have forgotten r the moment that you boys were here; t we have got to go to work, and ese gentlemen, too, have their duties d obligations.

Doctor Gray, from what he has said Judge Johnson here to-day, made me bit envious of you fellows who live Scranton, if he gives you people that nich he gave the judge and myself. ay I suggest to you people, regardless your affiliation, that you should try little of Doctor Gray; you have heard Doctor John's medicine; we have a octor Gray's medicine for folks who em to have lost their way. Doctor ay's instructions may be found at the m Park Methodist Church in Scran-n.

We are happy to have Doctor Gray th us, and it gives me pleasure at this ne to introduce Doctor Gray.

Rev. Doctor Joseph M. M. Gray, stor of Elm Park M. E. Church: am really an introductory speaker for dge Johnson, who furnishes a great al of wisdom to Scranton on his pro-ssional visits, and I am more than hap- to meet you gentlemen, because you e about the only group from whom nave not borrowed money.

I was thinking, as I thought about ur particular business; I was thinking out the romance that could be written, d probably has been written, on the velopment of the idea of loaning and terest, from the period when it was outlawed and condemned institution til it has become one of the bulwarks civilized life. I was thinking of the mance that could be written of that w development of human thought and human actions by which the practice at was forbidden Christians, though ristians mostly made use of it, in the iddle Ages. That which was con-mned by the Church and proscribed law has come to occupy the very ge place that it occupies in our life; other words, the development of cred-which is one of the pillars over which modern business stands.

When I think of the particular type service that you render, I was per-ctly amazed when your presiding officer told me that the banking business administers to only about fifteen per cent of the population. I suppose that by the cordiality with which you have welcomed me, that anybody can get money. Think of that great body of men and women who are not in Bradstreet's, who have not the facilities of establishing credit, or property or personal position behind them! Think of that vast body of men and women to whom you come as servants! I was thinking of the amazing place in an obscure fashion that you must come to occupy in the development and growth of our social life. In other words, it seems to me that before you in a peculiar fashion is set the task of demonstrating in a realm where the demonstrations have not been very evident, that advantage—financial advantage—is, of course, a social obligation. That, of course, takes away the sting of certain kinds of indebtedness, from which the sting ought to be removed.

In the little town where I was brought up, my father was a preacher in the wild and woolly West, the other side of the Mississippi in the Platte Region, where we lived when I was a boy. We lived in a little town of four, six or eight hundred people. Any man who had a mortgage on his house was disgraced. If he had to put a mortgage on his house, it was a very shameful thing. I remember when I was a boy how the folks spoke of such and such a man was going down hill because he had a mortgage on his house. I suppose we would not have the fine buildings that we have to-day if it were not for credit. Which reminds me of a wife, not my wife, but some other man's wife, whose husband went away one day after he had purchased a house, and he had a mortgage and had made his mortgage payments promptly. He was called away one day when the mortgage payment became due, and he said to his wife that here was a certain check, and on such and such a date it was to pay the mortgage payment, and his wife said, "have you a mortgage on this house," and he said that he had, and she replied, "that is just what I thought; you ought not to have bought a house that had a mortgage on it."

To my mind, the man that needs particular encouragement and particular training is the man who depends on his daily income, the man who has no inheritance, or training in thrift, but who has all the advantages of purpose, and ambition, and character. And a group of men occupying the strategic position that you have beyond all measure the opportunity of making evident to the world what most financial men are speaking of—that the foundation of credit is personal character.

A good many years ago, I was making a speech in the City of Washington, and I happened to speak, as I recall it (it is very dim in my mind); as I recall the incident, I was speaking about the futility of a high personal character, as there were no practical results; and I used a very bad and unwise illustration. I said that a man might have ever so good and high a character, but if he went down into a Washington bank for a loan, he would either have to present collateral or sign a note with endorsers. There followed me another speaker, and to my surprise and interest, he was president of one of the Washington banks, and he began his address by saying that Doctor Gray was incorrect, because the bank loaned money on character, and if Doctor Gray would come down to his bank any time to borrow within any reasonable amount, they would loan it to him on his character; but I noted when I went to borrow money I had to get an endorser on my note.

You see what I am speaking about. You do loan on character. You do make integrity the basis of your business, and you have the chance, as a very few business men have the chance, to vindicate our claim that personal character is a practical asset in the life of the world. That makes, if I understand your business correctly, large demands on you men for the law of practical sympathy.

I suppose the one field in which a preacher has less of the confidence of his people than anywhere else is in respect to their financial needs. Men and women will speak to me about their problems of their children; they will speak to me about their problems of personal life; they will speak to me about the burdens that fall on them because of the mischance or misdemeanors of those who are connected with them; they will talk to me about the tragedies of their inner life occasioned by their own sin; but there is a strange pride about men and women, so that they do not speak to me about their financial difficulties; they bear their burdens. As Thomas Carlyle said "they burn their own smoke."

INDUSTRIAL LENDERS NEWS

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Now, necessity brings those people into your hands, and while society needs a great protest against, and a great reformation from, the old practice of making human necessity a field of exploitation; nevertheless, you have opportunity for close and intimate sympathy by which character shall find itself aided without being humiliated, by which thrift shall be taught without the mind being resentful, by which character shall find itself as a living and practical value. It is almost immeasurable the opportunity which you have with a great group of men and women whose defects are defects of limitations, not of purpose; of opportunity, not of vice; so I look upon this group of men, this particular task to which you give yourselves, in a way I have not looked at it before, I will admit; and it is to me a great joy to look back upon those times when in the cities in which I lived the working man who needed money was absolutely a victim preyed upon and pillaged, to discover now this growing progress and this growing idea of purpose, to make that field of human need a field of social obligation and social opportunity, and to erect in ever broader fashions, to erect the ideal of financial advantage and privilege and financial service, and to make integrity the final test of human life.

I thank you for the privilege of saying these very brief words to you; and I thank you for the information that has come to me through your presiding officer, and for the inspiration that has come to me as I view the manner in which you are serving with me the great common ends of a social life.

Mr. Watts: We are conscious of the spirit in which we have been addressed by the doctor. You fellows from Scranton, recollect this, that if Doctor Gray wants to serve through you some time, and sends you someone who comes to him among the lowly, let your compassion be attentive; let him watch the operation of this thing; but don't send Doctor Gray an application. Let him come down and make an application to you; but when he does, give him the best. Thank you, Doctor Gray.

Judge Johnson represents, as you know, the law, not the state, but the national. He is here as the direct representative of our president. It is with pleasure, of course, that I present to you, Judge Johnson, of the Federal Bench in this jurisdiction.

Hon. Albert W. Johnson, United States District Judge for the Middle District of Pennsylvania: Chairman and members of the Pennsylvania Industrial Lenders' Association, I am glad to have the opportunity to meet with you on this occasion, and to learn about the service which your organization, through its members, is rendering to the people; and in my few remarks, I want to speak about the work you do in terms of service.

To me there is nothing interesting in any calling, except in the service which that calling or profession may render. The pleasure which I derive from my own profession lies in the possibility of service while I am doing my work. We must all receive compensation for our services in order that we may live and to sustain those who depend upon us; still in all our work the extreme pleasure should be derived from the service which through our life's work we are rendering.

Now, while you are businessmen, lenders of money, you should be interested chiefly in the constructive service wh you can render to your community, I am of the opinion that while you doing most for others by way of serv you will be doing the most for yoursel There is a great reaction, a professi reaction, personal reaction, comes everyone who is rendering professi service to his state. The pleasure I think I would get out of the w in which you are engaged would lie the real service which I think is poss for everyone; and the thoughts that c to my mind in connection with your p tical work emanate from this fu mental principle which I have mentio —the principle of service; and I do know a single calling in life which not carry with it the element of service that is worthy of the atten or the life of anyone.

Now, it has been well suggested the real foundation of security in le ing credit is character. I think that great financier, Mr. Morgan, the e Morgan, when he was called before investigating committee of the Un States Senate, in answer to an inq as to what he based his loans, rep "character"; and when further exami he analyzed character, and I should th that study would be a very practical for you gentlemen to know—what c stitutes the character which creates c t, worthy credit. And I am of opinion that the real character wh creates security in a loan is a better curity than a first judgment, or a mortgage, or, in many cases at leas note with several indorsers. That cha ter should contain an element or princ of honesty, that honesty which impe man to speak the truth and to rende everyone his dues, the principle that ca a man to love and to serve his fellown Plain, simple honesty is one element character in which you are interested, it is not the only thing. A man have that one element alone with being a safe risk.

The matter of health enters into consideration. For a man may b safe risk if he is honest and has he and strength and is industrious also; that, besides the honesty that constit this character we are speaking ab one should have health. And health many doctors will tell us, is a ma within our own control. Most bad he in what is a normal man results f some serious defect in character. way of example, a man may overeat may dissipate, he may drink, he spend his nights in riotous living, may not know the ordinary rules health; and in that way, dissipate character.

In Lewisburg, there is a whole fa within a few squares of my home has contracted and died from tube losis, because, largely, they refuse ventilate the house, windows all d at night when the family and chil were sleeping. Do you see that con constitutes a serious defect in intellig and character, and results in sickness death, and in most cases, in middle It is a man's business to possess he I have to work very hard myself, in long hours, and I would not re well for one week if I did not obs the strictest rules of health as to and recreation and diet and fresh and exercise. So, health is an impor matter in the character in which are interested. So said the senior M gan to the United States Senate.

And industry is an important element. lo not know anything, gentlemen, worse an laziness. I would say that nine-ıths of all the cases that come into e criminal courts come in because of lolence and laziness. The man who ıbezzles often does it because he is t earning the honest dollar. And the ın who cheats his fellowmen, or his fe, or his family, is doing it because is not pursuing an honest and con-uctive trade or work or profession.

I might add another element, and I lieve you will agree with me in this, d that is common sense, sound judg-ent or intelligence. A man may have nesty of purpose; he may have good alth; he may be industrious; but he y be a bad thinker. I do not mean ious thinking, thinking criminally, but mean he may think erroneously, and erroneous thinking will bring him destruction. And many a man has me into the criminal courts and before the last twelve years, hundreds of em, thousands, who possessed these ıer elements that I have mentioned, t who was an erroneous thinker, who l not possess sound judgment, and he me into the toils of the law and into grace.

I might illustrate that by a little thing ıt occurred in my observation. I was ing in an automobile with a president a college, who was a minister, and son. The son was driving the auto-bile. The president said, "My son a very safe, careful driver"; so I be-me interested to observe him. I looked ead in the road. It was a little village; d I saw a buggy with a horse hitched it headed towards our coming car. ıever drove a car myself a foot; but do have some ideas about driving a , because I try to think and to use head; and so I thought, "now, there y be some children hanging to the r of that wagon, and it will be neces-y for our car to go slowly and care-lly as it approaches and passes that ggy." But the driver of our car con-ued about forty miles an hour, ap-rently with no concern as to the buggy d what might be on behind it. The ggy was standing still. When we proached the buggy, two little children mped out behind. We missed them about six inches, and it so affected that I turned to the doctor and said, 'our son is *not* a careful driver."

It was not so far from this place ıere a little child was killed by a ominent business man in this way: The siness man was driving his car, his tomobile. Ahead of him was another . They raised a cloud of dust, through ıich you could scarcely see; and the tle child was passing over the road rough the cloud of dust, and the busi-ss man could not see this child. Of urse, he could not. Did not use any dgment! He might have known that child might be there, and he might him. He drove over that child, and led him. Of course, he was guilty of voluntary manslaughter.

So, I may say that constitutes this aracter. There are the element of nesty, and the element of health, and e element of industry, and the element good, normal, sound, sensible mind, mmon sense. Doctor Harris, thirty ars president of Bucknell University, ıe of the greatest minds I have ever own, said that common sense was one the most uncommon things. And I as impressed, Doctor Gray, with the statement of a juror in my court. He was a retired railroad engineer. A number of years ago he was the engineer for the fast Pennsylvania train that goes from New York to Chicago, the Twentieth Century Limited. And as he was leaving the court room, in a little visit with me, he spoke about the obligations and duties of a railroad engineer, and said that it was a man's duty to educate himself to be normal. There was as wise a bit of philosophy as any philosopher (Plato or Aristotle not excepted) has ever expressed.

Now, I have emphasized the value and importance of service in your work, as well as in my own, which lies at the foundation of our life's work, and out of which principle we can reason what should be our course of action every minute and hour and day of our lives; and I have spoken about the elements of character in those to whom you are lending money.

Now, there are a lot of fine thoughts in connection with your work, very sound and practical. The fact that you lend to the person who needs the money, who really needs the money, needs the help, appeals to me. And you know, after all, service means we are to help the one who needs. You know the Great Master pointed out this principle in the illustration of the Good Shepherd, who leaves the ninety-nine and goes after the sheep that is lost, because that sheep needs help. And I like the idea that you help those who probably in no other way can get that help. That is real service.

But now in the next place, in connection with this, you are sure that the person really does need your help; you do not make the loan merely because it is requested; and that is sound service. A person would be far better off if he did not get the loan sometimes, because he may want to make the expenditure for something that will do him more harm than good; and, therefore, it is a valuable principle of action of yours that you lend the money to the person who is in need of it to do some necessary and constructive work for himself and family. Therefore, you study this. Now, it is necessary in every case to make a careful study, and I understand you do that, of every applicant, and you are doing a real service in studying that person, and in noting the strong points and the weak points in that person's procedure. If the money is intended for some constructive purpose and necessary, if other conditions are right, you make the loan. And I was very much impressed with your practice that if the purpose is not a useful or necessary or constructive one, that you refuse the loan. Many a person makes a loan which ends in destruction, because that loan may get the person into financial seas, over head in debt, from which he never can emerge. I tell my boys, as they come along and go out into life, that in no case shall they make any loan or obligation which will create a condition for him out of which he cannot escape. Sometimes we find a person slips into this condition before he realizes it, and then, of course, bankruptcy is followed. In many, many cases, persons or institutions get into this condition of insolvency before they realize it, because they are not checking up, making the proper calculations and looking ahead.

Now, another thing that constitutes a tremendously valuable service which your institution is doing, and that is that you try to teach your clients, your patrons, to understand the simple and elementary principles of finance. I think we make too little of that. I long thought, Doctor Gray, that it would be a good thing in a theological seminary if you had a course of finance, a course of business, in finance in the theological seminaries, as well as in all other educational institutions. We are having our Wharton School, the University of Pennsylvania, and now we are introducing into almost every college, finance and accounting. I am a trustee of Bucknell University, and they have made a strong course in finance, some of the strongest professors are in that department. A lawyer should be a good accountant; and the trouble is that many lawyers are poor accountants; they can try lawsuits, but they are poor financiers. Too many ministers are poor financiers; too many men go into business, and they are poor financiers; and there is only one conclusion. And in your study of life's practices, of your patrons, you can help them to understand the principles of frugality, of saving and of accounting.

Why is it, for instance, that one man will go along with an institution, and be getting it constantly in debt; further in debt; another man will come along, and at once put it on a sound principle of procedure and finance, and every month thereafter save a little money, and finally get it out of debt? I have seen such examples. Because it is just a matter of principle, of procedure. And so you can teach these people to do that.

As your chairman has stated, often these men, when the day of paying taxes comes around, they have nothing to pay the taxes. Then, of course, the percentage is added. And why haven't they made provision for this? Because they do not look ahead; they do not understand finance; they do not understand accounting for themselves; they do not use the lead pencil at all: and the result of it is that they are just living in a haphazard and slip-shod way, and getting nowhere.

I like the idea that you require at the end of each month, I believe, or at stated periods, that the loan be reduced. I think that is a very sound element of business, and that, in itself will help your patrons to think, and to act, and to save, to become frugal; and when you have put these patrons of yours to thinking and to acting soundly with their meager savings and finances, you may be starting them in a very successful life, because I believe from my experience, and I believe you will think that is a reasonable amount, that financial difficulties are probably one of the most fruitful sources of destruction of character, of destruction of homes, of bringing into the lives, criminal practices. Why is a man an embezzler? Why does he steal? Why does he lie? Why does he cheat? Why does he forge the name of someone on a note? Because he is not financing his own business soundly. Because when the time comes to pay, he does not have the money. Because he has made no preparation. He has not used the lead pencil. He has not sat down and calculated.

So, gentlemen, you are not only doing a sound business, but, through your procedure, you are building character. You are creating manhood. You are helping to keep families together. And only the Lord knows if you do your work well,

how many men you are starting into successful and constructive lives, and men who after a while will be leaders of business. Take the case of the great financiers of the land, the bankers, the manufacturers, the great merchants. We all know that John Wanamaker at one time could haul all he had in the world in one wagon load. And John Colgate, who was one of a family of nine boys up in New York, when he left home he had all his possessions that he had in the world wrapped up in a little red handkerchief, who became a multi-millionaire and the great philanthropist. So, you may not realize how many men and women you are starting in life who may become the leaders in business, in society, in state, for most of the great business men, the successful financiers, may go back to a period when one dollar, or five dollars, or ten dollars, or fifty dollars, or one hundred dollars, was the foundation of all their subsequent wealth and success.

I want to congratulate your work, and wish you well; and I am glad to have had this opportunity to learn about your service.

Mr. Watts: Some prophet has said, or some sage of yesteryear, that when the student is ready, the teacher always appears. Our group of Scranton boys who have brought us here have given us an opportunity of hearing this message. These men have heard our student cry. We are here, boys, because this message was for us. Let us give thanks, first, to these outer appearances, and then to the one great Infinity that made us all to know that we are here to-day, because of our need, because we desire to go on and do the job in a bigger and better way.

We are thankful to Judge Johnson. I do not know whether he has a men's group down in Lewisburg or not. If he has not, he ought to have his recreation in that way, because that is the stimulant, that is the great centerbore of men's lives, that makes them go on in rough seas. It makes us glad to know that our job is beneficial and helpful. Let us resolve again neither to be borrowers nor lenders; but, on the other hand, to lend and do good. Thank you. This will constitute our luncheon to-day, which we have enjoyed; and we will now go to our job again of adjusting ourselves not to the selfish, but to the practical, that the judge has said so well. That is our job. Thank you.

Mr. Watts: Our next speaker will be Mr. E. K. Armstrong, of the Scranton Better Business Bureau, who will speak on The Better Business Bureau v. Fraud in Business.

Mr. E. K. Armstrong: I will try to give you a word picture of our operations as briefly as I can, because I know your time is slipping by pretty fast.

Generally speaking, the business of the Better Business Bureau is to drive fraud out of business, and a great part of our work has to do with advertising, since advertising in one form or another is used to carry on every sort of nefarious proposition and scheme that exists. Secretary of Commerce Herbert Hoover has said that advertising is the life blood of business, and you can readily understand how a factor as potent as advertising in business is bound to contain an element that abuses advertising to the detriment of all legitimate advertisers and legitimate business: and it is to that unscrupulous element that we devote a considerable part of our time to eliminate.

To give you some idea as to the inception of the Better Business Bureau and how it came about, I will refer briefly to the growth of advertising. Advertising has taken practically three steps.

The first came with the dawn of the idea that the printed word would act as a masked salesman.

The second one came when advertisers made extraordinary claims about their merchandise, and the public came to understand advertising as so much printed matter, and placed little or no confidence in it. At that time advertising was headed in the wrong way, because it had no pulling power. It had no pulling power, because the public had lost faith and confidence in it.

The third step came with the emancipation of advertising through what is known as "The Truth in Advertising Movement," and that started at a convention of the Associated Advertising Clubs of the World back in 1910, and from that origin, that convention in 1910, the Better Business Bureau movement was started, and now there are Better Business Bureaus in some forty-four cities, each financed locally and coöperating with each other and working with the national Better Business Bureau in New York City, which devotes its attention to national problems and national advertising.

The purpose of these various organizations is to promote truth and confidence in the advertising and selling of merchandise, and security and integrity in all business. We set about to accomplish that purpose; and before that purpose can be accomplished, there must be some justification for public confidence in advertising; and to have some justification, the factors in advertising that are apt to cause mistrust or misunderstanding on the part of the public must be eliminated. In other words, advertising must be accurate and trustworthy, and by eliminating the misrepresentations and inaccuracies in advertising, the legitimate advertiser and legitimate business institution is protected. The public is protected from various kinds of fraud, and advertising is given greater pulling power.

The average member of the public and the businessman does not realize the adversity of fraud that is practiced on the public to-day, and the length to which some business parasites will go to accomplish their ends. And as advertising is used to carry on most of the nefarious promotion propositions and other schemes to-day, our work falls generally into two main divisions: the merchandise division and the financial division.

The keynote of our programs in the financial department is the slogan, "Before you invest, investigate," and our financial department offers to the public the facts on various promotion propositions that they are asked to put their money in, and coöperate with state and local officials in eliminating various kinds of fraud that come to our attention. I have not time to tell you about some of the interesting cases that come before us for attention, but I will tell you about a few of them to leave an impression with you as to the worth of a slogan such as "Before you invest, investigate."

One of the things that occupies considerable of our attention in Scranton, and it would be warranted in other sections of Pennsylvania, I believe, is the literature coming in from outside ins tutions, offering various promotion pro sitions that are not the kind of inve ments or propositions that should be fered to the uninformed invester.

Some of these offers come in the fo of what we call tipster sheets. T tipster sheet is set up in various for some of them come in the form of da market letters, some in the form of ne papers, and those that come in the fo of newspapers, as a rule, print inform tion regarding well-known securities t everyone is familiar about, and sandw in with that, information concerned w a security in which they have a particu interest, and are interested in selling the public. In a good many instan at present, the securities or stock t are offered are those that are listed the Boston Curb Exchange, and are r and raw promotion schemes.

The tipster sheets at present that coming in in abundance take vari names. One of them is going un the name of the *Wall Street Iconocl* The editor of that paper has been c victed five times, and has served th jail terms. It is estimated that t particular man, George Graham Rice, sold in the neighborhood of two mil dollars of securities since last Ma and most of that tremendous amount been collected through one form of ster sheets or another. The other tip sheets are *The Financial Criter Kemp's Market Indicator, Spear's Ti Topics, The Wall Street Debater,* something of that kind. They take names, and some of their literature so very good.

At present, a number of security fi in New Jersey are conducting their s campaigns over the long distance t phone into Pennsylvania. They w in this manner: They call up a p and sell him some well-known securi those that we have heard of, have l securities listed on the New York S Exchange. The high pressure sales on the other end will promise him n things, probably sell him the stoc a point or a point and a half u the market, and will tell him th messenger will call in a day or so collect payment on the stock. All and good. The messenger appears w a day or so, and collects payment. some cases, the individual has h nothing about the messenger or com after he made a payment. In c cases, the securities, the original is followed up with additional long tance telephone calls, and the indiv is switched from one stock to an until he finally winds up with a cat security on his hands. In words, delivery of the original ce cates is not made, and they simply on switching the individual from proposition to another.

Only last Saturday, we had occ to bring about the arrest of one o messengers who came in to collect ten shares of stock representing a in Atlantic City under the name of W erman and Company. The messe claimed innocence, contended that h not know what he was being used but, nevertheless, he was operatin this state in violation of the Secu Act, and he was liable to a maxi fine, and is liable at the present because he is in the County Jail, maximum fine of five thousand d or a two-year prison term, or both.

a pretty tough dose to take if he has
en used.
The other concerns are technically vi-
ating the Securities Act also, because
ey are outside of the state and cannot
fer their securities within the state;
t they resort to long distance telephone
lls and telegrams to carry on their
omotion propositions.
To give you an idea of the amount
mail that is used in some cases, at
ast, we saved the literature one man
ceived that was on what we call the
ucker list." That individual received
even pounds of mail. There was ninety-
vo mailings, which included seventy-
ne mimeographed letters, thirty-two
ck lists, thirty-nine pieces of prospec-
s matter, thirty-four return postal cards.
ne estimated cost of the entire literature
as something like seventy-five dollars,
sell an individual a one hundred dollar
are of stock. Anybody that proposes
use direct mailing to put over their
les campaign can take some lesson from
e amount of mail that is used by some
the high pressure operators.
Resorting to figures, last year there
as over one billion dollars lost by vari-
is promotion and fraudulent schemes
at were worked upon the public. Six
ndred million dollars of that tremen-
us amount was lost through the use
the mails, and which meant using ad-
rtising in one form or another.
It is not all blue sky operators that
use advertising. We have to contend
ith the fraudulent advertising solicitor,
liciting advertising in one-time publi-
tions that sometimes exist only in the
licitor's mind. And the fake classified
lvertisements that hold out various help
anted offers and partnership proposi-
ons and correspondence school offers
at are not what they should be, and
ings of that kind. All of these various
hemes deplete the spending power of
community and waste the wealth of
y community; and that is the thing
e are hammering away on day after
y, endeavoring to protect the public
d legitimate business and to conserve
e spending power for legitimate busi-
ss in the community.
We attempt to prevent that waste,
incipally by prosecutions and coöpera-
on with state and local officials, and
publicity. The publicity is of an
ducational and warning nature, and we
the present time broadcast on Friday
ghts, get out bulletins at regular in-
rvals, and, through newspaper public-
y, we attempt to reach as many
embers of the public as we can, and
lvise them of the various promotion
opositions, and thus set up a wall of
ducation to prevent losses.
The merchandise department, I will
ave and discuss briefly by saying that
that department, we are striving for
curacy in advertising, and it is a part
our daily routine to go over detail
lvertising, and, through shoppers who
ork through our office, compare the
erchandise with the advertisement; and
y inaccuracy or statements that are
t to cause misunderstanding on the
rt of the public are called to the at-
ntion of the advertiser; and in that
ay we are making advertising more
luable, and are working ultimately to
at point where the public will have
ore confidence, not only in retail ad-
rtising, but in business generally, be-
use all business is founded on confi-
ence.
To get down to your business, and as the Better Business Bureau looks at your business, I have told you that we are endeavoring to conserve the spending power in the community; and that practically, directly or indirectly, affects every sort of legitimate trade in a community.

In any line of business, there is usually a minority that brings about unfavorable public sentiment. In the loan business, the loan shark has caused unfavorable public sentiment, and it is that thing and that menace that we in the Better Business Bureau movement are vitally interested in eliminating. Laws are being enacted to curb that menace, thanks to the Russell Sage foundation, and in every city that there is a Better Business Bureau they are working with all organizations and institutions to correct and eliminate the loan shark menace.

In Toledo, the Better Business Bureau has been very active in that field, and has gone into court on many occasions and secured prosecutions. In Cleveland, the Better Business Bureau there has coöperated with the Legal Aid Society and other organizations in eliminating the few leeches, you might say, on legitimate trade that existed there. In Cincinnati, the Better Business Bureau has resorted to prosecutions and has gone into court. In Kansas City, the Better Business Bureau is coöperating toward the enactment of a small loans law, and every now and then I receive a communication from some other state, asking what has been the experience in Pennsylvania and what we can tell them about the operation of the small loans law used in Pennsylvania. The last one I heard of was from Minnesota. I have not heard what progress they are making in Minnesota toward the enactment of a loan law. So far as Pennsylvania is concerned, I should like to read a statement from the head of the Department of Banking, which sums up probably better than anyone else could just what the situation is in Pennsylvania, or at least what the impression is with the Department of Banking. This statement is made by Honorable Peter G. Cameron:

"We feel that we have now definitely curbed the loan shark in Pennsylvania. The business now that has been made legitimate is in the hands of responsible lenders, who, for the most part, endeavor to operate honestly and live up to the spirit of the law.

"The borrower knows definitely when he makes a loan what the costs will be, when payments will be made, and when he will be out of debt. He knows that he is protected by law, and cannot be hopelessly entangled. Borrowers are not encouraged to stay in debt by the legitimate lender, as was the case of the old loan shark days, and every borrower must show a definite need for the money before he gets it.

"A small loan law is most certainly a benefit to the workingman. He cannot borrow at the bank as a rule and is compelled to go to the lender when he is in need of cash. The law then protects him from being taken advantage of by the lender.

"Under the law, a representative of this department is required to examine the accounts of every licensed office at least once a year. This is done faithfully, and all overcharges, if they are found, are adjusted at once. We also look carefully into every complaint filed against a licensee and see that a proper settlement is made.

"The only change that should be made in the law, that is, I feel should be made, is a reduction of the interest rate when the time comes that sufficient capital can be attracted to the business with a lower rate. That time has not, perhaps, as yet arrived."

I am not familiar with the loan shark situation. I have no idea whether they exist in other sections of Pennsylvania or not, but to the best of my knowledge, they are not operating in Scranton, and I should like to leave this thought with you: Public confidence must be earned! And if any of you men from the various sections of the state are to come across or hear of individuals operating and abusing the business which you are engaged in, it is your duty to gather such information as you can and to lay such information before the proper officials, and make a conscientious effort to eliminate that factor in your line of business that is a menace and creates unfavorable public confidence toward your business and all business as a whole. Thank you.

Mr. Watts: Mr. R. H. Phillips, advertising manager of the *Scranton Republican* will speak on Advertising.

Mr. R. H. Phillips: Being introduced as the advertising manager of the *Scranton Republican* is not correct. I was formerly manager of the classified advertising down there, but I am no longer connected with the *Republican*. They got a good man in my place down there.

The Governor of New York one time was on a tour of inspection of the state, and included in his itinerary was a trip to the state prison, and he went in and looked over the place, and the warden said to him that it would be a very nice thing if he would speak to the convicts. He said, all right, he would, and they called them all together, and the Governor started to give a little talk to them, and he said, "Fellow citizens," and he realized that possibly that was not the way to address them, because they had lost their citizenship rights, and then he started with "Brother convicts," and he thought that mavbe that was not right, and he said "Well, anyhow, I am glad to see so many of you here."

Mr. Curry mentioned several months ago that he wanted me to give a talk, and I said that I would be glad to, but I imagine those fellows are particular, they would want to have somebody speak to them that could give a real, good talk; and I suppose when you heard that someone was going to give a talk on advertising, you thought it would be somebody big, and not a little guy like me.

I gave a little talk one time out in the country. They had one of these all day sessions, where they take their baskets with them. The chairman announced that "Mr. Phillips will talk to you about an hour. At the end of that time, the band will call you together again."

You have heard some good speakers—Doctor Gray, Judge Johnson and Mr. Armstrong, and there really is not much that I could add to what has been said that would be of real benefit to you.

I am assigned to the subject of advertising. Advertising is of a great economic value in the country. There were two billion dollars spent in advertising last year. There are many kinds of advertising: direct by mail, street car advertising, out door advertising, magazine display and newspaper display and classified advertising. All of those dif-

ferent kinds of advertising, with the exception of classified, depend upon illustrations, bold face type and displays to get their point across.

But I have been particularly interested in classified advertising, and I will speak principally on general classified advertising. Most likely, what would interest you men is direct by mail and newspaper advertising. In the direct by mail, I suppose that you have a series of letters, possibly, that you send out to people you have done business with previously, and possibly you take letters and direct them to particular groups, like carpenters, mechanics, school teachers, people like that. I imagine good results would be secured in that way. You, no doubt, have a system of handling advertising. Most of you have offices that are scattered across the country, and you have advertising experts who are familiar with handling that. So that, I would not attempt to try to tell you how you should conduct that part of your business, although I think that possibly in some cases where an advertising man may be situate in a large city, possibly the advertisement would not have the same appeal in the smaller city that it does in the metropolitan area. Local conditions usually enter into that.

Now, I suppose that you have used the triple mailing card, or mailing card system of distributing your message from house to house in different localities. Well, at the I. C. S., they use a triple mailing card system. They print a couple of million of those cards a month. They have about one thousand offices scattered throughout the country. Those cards are made general, so that they would apply to most any district. They get wonderful results from that. I do not know whether you use anything like that in your business. They have a return card that is sent in requesting information about the courses. I would imagine that in your particular business, it might work out.

I have a manuscript here. President Coolidge and some of those fellows use a manuscript that they refer to; and I thought maybe I could do the same. I want to go into classified advertising in general:

Classified, as it is popularly known, comprises all of the small single column advertisements appearing in the back pages of newspapers, very often referred to as "Want Ads."

Classified advertising is a public service as important as the telephone, more widely used than the telegraph, and more universally depended on by the masses than any other kind of advertising.

Classified advertising, instead of seeking buyers, as in the case of other forms of advertising, is sought for by buyers. Therein lies the great strength of classified advertising. Throughout America every day, millions of people turn to the classified ad columns to find in the expression of someone's advertised want the means of fulfilling a need of their own. In classified, all that advertisers have to do to get results is to merely supply the means of satisfaction to those buyers who are already in the market to buy and who have definitely made up their minds that they will find what they want in classified.

It is hardly an exaggeration to state that classified advertising, presenting a natural form of merchandising based exclusively on actual wants and needs, operates on a higher plane of economic ethics than any other form of advertising.

Mark Twain was a publisher of a newspaper one time, and he got a letter one day from a reader, saying they had found a spider in their paper, and wanted to know whether that was a sign of good or bad luck. Mark Twain wrote to the writer, and said that it was neither a sign of good or bad luck, but the spider was looking over the newspaper to see which merchant was not advertising, and he was going to spin a web over that merchant's door and live a life of ease thereafter. That is a pretty good illustration of the value of advertising.

A lot of you men most likely use the classified advertising to get your message across to the people. Mr. Curry came down to the *Republican*, and asked us if we would not put a special heading of "Loans Up to $300.00." People get familiar in reading ads, and when they are in need of such services they will refer to such a place in the paper. I think there is a good value in that.

Classified was the first form of publication advertising. It preceded what is now known as display advertising by three centuries. There is only one class of advertising that joins us at the cradle, that exerts its influence throughout our lives, even taking part in the final rites at our demise.

Because of its influence in the daily lives of people, classified has been referred to as the single column threads of destiny directing the lives and fortunes of millions. It is interesting to trace the influence of classified ads in our personal lives.

The announcement of our entrance into this life is heralded under "Birth Notices." Probably the baby carriage, bassinet, or crib was purchased through the "Merchandise for Sale Classifications." Our first dollar earned on a steady position was through a "Help Wanted" ad. Had we answered the "Cash Boy" ad instead of the "Delivery Boy" ad, our subsequent careers would have been different. Such is the influence of little things in our lives. Our first automobile was undoubtedly a used car purchased through the "Automobile Classification." Shortly afterward, in the full bloom of romance, our marriage was broadcasted through classified.

A home is now purchased through the "Real Estate for Sale Classification," or leased through the "For Rent" group. Deciding to go into business, a store or plant is bought through the "Business Opportunity" columns. Acquiring wealth, destiny's single column thread of classified still accompanies us, directing our paths to profit, pleasure and opportunity. A country ranch is bought, income property is acquired. A yacht or an airplane is secured. All through classified. In fact, the only advertising medium offering airplanes for sale to the public at large to-day is classified. When friends thin out, a life comes to an end, classified still stands by and informs the world in the "Death Notices" of our departure from this life. For years afterward, classified repeats tender verses in our memory under the "In Memoriam" heading.

One cannot overestimate the influence and power of classified advertising. All over the nation, the wheels of industry are kept turning by the man power secured through help wanted advertisements. Municipalities have used them to secure public officials. Not so lo ago, in Philadelphia, they used the clas fied columns to advertise for a minist I understood they got a good minist by that. I think they made it a bli ad. One of America's biggest life surance companies, admitted to have t highest type of insurance salesmen, a one of the most dignified sales pla recruited its sales personnel exclusiv through carefully prepared classified a Thirty-five years ago, a youth in sear of a job answered a classified ad. Than to that contact, Henry W. George came identified with the Metropolit Life Insurance Company, and is to-d its treasurer, the custodian of a billi and a half dollars' worth of securiti which belong to twenty-one million p ple scattered throughout the United Sta and Canada.

To give you an idea of the pulli power of the classified ads, while I w at the *Republican*, we received a clas fied ad for men wanted for a constr tion job at Easton, Pennsylvania, at Public Service Contruction Compan operation. Three days later I had of the clerks phone to the people a asked if they wanted the ad contin for three days, and they said "no, have three hundred men from Scran down here." Of course, we had a str situation here at that time, and I s pose that helped a little. And the sa thing on the Paupack dam. We an ad for a few days, and they cal us up and told us to discontinue ad, because they were swamped.

Then, there is the "Lost and Fou classification, the great testimonial in to the honesty of people who find articles. Over one hundred and fi thousand net lines of Lost and Fou advertising appeared in the newspap last year. Investigations made indic that sixty per cent of the people w advertise lost articles in classified cover them. Without the classified se ice, lost articles would rarely be rec ered, there being no other recogni Lost and Found directory so genera patronized.

Income property owners and manag of rental property depend almost wh on classified rental advertisements tenants. Think of the hours of inc venience, of tiresome search, of hea ache, among the thousands of rent if there was no ready-reference cla fied rental-guide to point the way desirable vacancies. The newspapers Los Angeles printed last year five r lion agate lines in the "For Re classifications, a total of one and o half million individual ads, eno for each family in Los Angeles to h moved six times during the year each time into a different abode.

Real estate is one of the most portant classes of business in Scran or any community. Practically the tire real estate fraternity, from the l gest operator to the smallest brok depends on classified for increased sa

E. A. Strout, the largest real es operator in the world, built up his bu ness, and continues it with agencies over America, exclusively through cla fied.

Consider the business brokerage fi Where else can one find a business to b or where can they be dispensed with quickly and as cheaply, as through "Business Opportunity" columns of cl sified? Last year over three hund thousand individual business opportu

lvertisements, representing two million gate lines, were used in the newspapers one city to advertise business of all nds for sale. Placed end to end in gular column widths, this lineage would ach a distance of two hundred seventy- ven thousand seven hundred seventy- ven feet, forty-seven times as high as ount Wilson. Hotels, apartments, stores id offices for sale, lease, and exchange, id their chief outlet through classified. Consider the automobile field. More itomobiles are now sold through the assified columns than through all the her advertising media combined. Auto- obile dealers no longer consider the erchandizing of new cars their biggest roblem. The continued profits from w car sales is dependent on the turn- er of used cars. Practically every new r sale nowadays means a two car sale, e new car and the old car accepted exchange as part payment. If used rs are not quickly disposed of, the erchandising outlet for new cars is opped and financial paper piles up. ence, many automobile dealers predict at the time is not far away when auto- obile manufacturers will be spending much time and money to promote the ying of used cars as they now do to vertise new models. Classified is the eat recognized automobile market place the masses.

Picture this amazing headline appear- g to-morrow across the first page of e newspapers throughout America: lassified ad columns closed to business d domestic life of nation." "Everyone prived of classified service for months." ien visualize the resultant confusion: e "Help Wanted" columns closed to dustry; the "For Sale" classifications rred to the automotive trade. Realtors, okers and thousands of business men prived of their chief source of pros- cts. Private individuals bereft of their ily practical means of finding jobs, nting homes, recovering lost articles, ying, selling and exchanging. What picture of confusion, with no practical bstitute for classified advertising, thou- nds without employment, offices and ops closed, the realty field disorganized, e automobile market glutted. Through- t the land, property values would be fected, unemployment would increase, llions of dollars would be lost.

No form of advertising is more es- ntially romantic, more universally used an classified. A few lines of agate pe set among other thousands of lines agate type bring together employer d employee, renter and landlord, buyer d seller, drawing each other out of e chaotic thousands of the metropolis r mutual profit. Classified advertising, it is now developed, constitutes a ique addition to the markets of the rld. It is inexpensive. It is open all. For a few dollars, transactions volving thousands of dollars are made ery day. In no other way is it possi- e to so quickly achieve the results that n be secured and are being secured ery day through classified advertising. What is the future of classified? The ld is still young. Its importance and gnificance has only recently been real- ed, and its biggest future for adver- ers and buyers lies ahead. Where llions to-day read the classified ads, ditional millions are yet to be educated the benefits to be gained through their e. Improved means of service are yet be developed in the interests of the blic at large, and industry in general.

Samuel Johnson, away back in 1769, said, "The trade of advertising is now so near perfection that it is not easy to propose any improvements." There are those to-day, who, like Sam Johnson, think that advertising has reached a state of perfection. But, who will deny that within a few years, growing in public appreciation and presenting an amazing market for goods of all kinds, classified will occupy a favored place for the merchandising firmament, probably the brightest star of them all?

VIRGINIA

Members of the Virginia Industrial Lenders Association:

As your Chairman, I wish to personally call your attention to the quarterly meeting of your Association to be held at Alexandria at 10:30 a. m., Thursday, April 21, 1927, and some of the important measures that should be considered at that time.

You will recall that at each meeting of the General Assembly since 1918, the Uniform Small Loan Law has met with attacks which have occasioned considerable trouble to the Association as well as an increasing feeling of unrest among its members. In the opinion of all who are informed on this subject these attacks result because the public generally is not informed of the real facts and conditions concerning the law, and the business operated under it. At the extra session of the General Assembly, just ended, some of the most drastic legislation ever offered against us passed the House. Only the immediate steps taken probably saved a calamity.

It has always been my personal opinion that the public, who do not know and who do not take time to consider the facts, upon being told that the poor man has to pay 42% per year while the rich man only pays 6% per year for borrowed money, immediately forms a prejudice against the small loan business.

After a thorough study of all the elements entering into this situation it is my opinion that we must plan and put into operation a scientific educational campaign.

Some work has already been done in this respect. The address of Virgil R. Goode has been printed and mailed to the lawyers, judges and legislators. In addition to this, one of the Richmond newspapers which has been publishing articles and editorials against the rate of 3½% for the past five years, especially at times just previous to the meeting of the Legislature, began their usual attack early this year. Carrying out my opinion as above expressed that the facts of our business are not known, but when known are unanswerable, this newspaper was answered, and after a debate lasting over thirty days this paper published an editorial in which it admitted that the small loan business served a worthy purpose and could not operate on less than 3½% rate.

It is my purpose, as Chairman of your Association, to place before the people of Virginia, in an intelligent and enlightened manner the facts about the small loan business, as I am convinced that this is the only way that our business will ever stand in its rightful place in this state. You are as much interested in accomplishing this result as I am, but I say that we have delayed this matter since 1918, and that it is now time to do something instead of merely talking.

I shall look forward to seeing all of you at Alexandria on the 21st, for if this work is to be done, it being the most constructive work that this Association has ever undertaken, it will need your study, thought and coöperation.

J. E. Burnett, *Chairman.*

A. I. L. A. GROWING FAST

The following have been annexed to our membership since our last issue. Add them to your Year Book directory to keep it up to date.

Personal Finance Co., 203 Davidson Bldg., Bay City, Mich.

Personal Finance Co., 16 Island Ave., Aurora, Ill.

Provident Loan Association, 218 Iowa Bldg., Sioux City, Ia.

Community Finance Service, Inc., 705 Murphy Bldg., Highland Park, Mich.

Household Finance Corporation, 407 Second Natl. Bk. Bldg., Saginaw, Mich.

Community Finance Service, Inc., 406 Commonwealth Bldg., Cleveland, O.

Household Finance Corporation, 113 N. Rose St., Kalamazoo, Mich.

Household Finance Corporation, 313½ Huron Ave., Port Huron, Mich.

Capitol Loan Co., 313½ S. Washington St., Columbus, Ind.

Household Finance Corporation, 65 W. Main St., Battle Creek, Mich.

United Loan Corp., 15 Fairfield Ave., Bridgeport, Conn.

Household Finance Corporation, Penn Central Bldg., Altoona, Pa.

Personal Finance Co., 110 Pleasant St., Malden, Mass.

Metro Loan Co., 3165 W. Madison St., Chicago, Ill.

Fairmont Finance Corporation, 535 High St., Morgantown, W. Va.

Chester-Neal Company, 49 Weybosset St., Providence, R. I.

Rosenberg Loan Co., 118 Idaho St., Farrell, Pa.

Forest City Securities Co., 1030 Euclid Ave., Cleveland, O.

The LaBelle Loan Co., Steubenville Bk. & Tr. Bldg., Steubenville, O.

United States Mortgage Co., 80 Market St., Paterson, N. J.

Eldridge, Muchler & Co., Nisbett Blk., Big Rapids, Mich.

Galion Loan & Discount Co., First Natl. Bk. Bldg., Galion, O.

Welfare Loan Society, 117 W. Allegan St., Lansing, Mich.

Jethro C. Meek, 222 E. Washington St., Greensburg, Ind.

United Small Loan Corp., 235 Franklin St., Johnstown, Pa.

Prudential Loan & Savings Society, 537 Real Estate Trust Bldg., Philadelphia, Pa.

Legal Loan Co., Whiting Bldg., Bedford, Ind.

Legal Loan Co., 101½ W. 5th St., Bloomington, Ind.

Roanoke United Small Loan Corporation, 104 Kirk Ave., W., Roanoke, Va.

State Loan Co., 215 Southern Surety Bldg., Des Moines, Ia.

State Loan Co., 207 Frances Bldg., Sioux City, Ia.

J. Friedman Finance Co., 187 S. High St., Columbus, O.

C. L. Pine Co., 202 M. B. A. Bldg., Mason City, Ia.

Personal Finance Co., 35 Liberty Trust Bldg., Cumberland, Md.

THIS PAGE FROM NOW UNTIL

NATIONAL CONVENTION TIME

WILL BE DEVOTED TO

CONVENTION NEWS

SEPTEMBER 14, 15, 16, 1927

CLAYPOOL HOTEL

AMERICAN INDUSTRIAL LENDERS ASS'N. AILA

INDIANAPOLIS INDIANA

Arrange your vacation so that it will begin or end at the

INDIANAPOLIS CONVENTION

"THE CROSSROADS OF AMERICA"

(Watch for the Next Issue)

Credit Service or Budgeting vs. Bankruptcy

By an Old Timer

There is bound to be some change me about in the form of extending redit,—just what, it is hard to predict ut there are indications on every hand hat all lines of credit business are grop- g around trying to find a way to cor- ect conditions, waiting for the other ellow to make a start.

Foreclosure or repossession of mer- handise usually means a loss, is the state- ent made by experienced merchants and an men whose judgment and veracity nnot be doubted. Repossessions usually ake a serious reduction in profits, there- ore, if the repossession or foreclosure uisance could be done away with the ving would increase the earnings or ermit goods to be sold profitably at a arked down price.

Aside from loss on the original sale, here a repossession or foreclosure is ade, the merchant or lender has second- and goods which must be disposed of order to reduce loss as much as pos- ble; and those who buy these used oods could otherwise be customers for ew goods sold at profit, while the pur- haser has only second-hand goods.

This is the merchant's side of the case. He loses a part of his money and a cus- omer who might buy or borrow in the uture, and he now has a knocker instead f a booster for his business. What is he customer's side? The amount paid n those goods or loan which are later oreclosed or repossessed is a total loss. His credit standing has been impaired, is mind warped, and his attitude toward he business distorted.

At a recent convention of furniture ealers in Columbus, Ohio one speaker Edith McClure Patterson of the Dayton ederation of Women's Clubs) said: One of the shortcomings of a dealer failure to study a customer's desires." Would it not be better to study the cus- mer's needs and ability to pay? We ould all like to have the best, but since nly about 10 per cent of the people can uy the best, many of us must get along ith what we can get or should get along ith what we can afford. Another peaker of this Convention, (George V. heridan) said: "Experience has proven hat the buying habits of the public can e materially influenced by the proper resentation of facts.

The writer's experience verifies this tatement, however, a credit man or anager must have proper information, redit reports and authority. He cannot e governed by the merchant's desire for usiness nor the salesman's ambition for rge sales and big commissions. OVER- ELLING or OVER-LENDING is as uch the fault as over-buying, for 99% f the buyers or borrowers are honest. When they buy or borrow they intend to ay; but they do not figure a budget; ey do not take into consideration loss f wages, due to illness, lack of employ- ent, or accident. Daily there come to ur offices people in financial straits hom we try to assist. Analyzing their ases often divulges the fact that they re obligated to pay more per month than ey are earning, and no one is more rprised than themselves when they learn it. Here is where a real loan service is needed reducing 4 or 5 bills requiring an outlay of $40.00 or $50.00 per month to a loan that can be paid out at $18.00 or $20.00 per month without increasing his indebtedness.

The fact that we are in business shows that we have figured a business budget; and it's up to us to help our clients. Explain the benefit of a budget system, how corporations, cities, and states are governed and that they too can profit by budgeting. Show them how to figure an INDIVIDUAL BUDGET. It is easy to know when you are overselling or overlending a customer. The report from a credit bureau will nearly always show you not only the customer's habit of pay and the balances due, if any, to those given as references, also what he owes to others. Proper investigation will also indicate the customer's income, his fixed expense for rent, food, etc., and his existing load of debt. ABILITY TO PAY is the measure of his income minus fixed expense (for he must have shelter, clothing, and food and pay existing debts)—a very simple mathematical problem.

Shakespeare said: "To your own self be true. You cannot then be false to any man." DON T KID THE OTHER FELLOW, he may not believe you. To kid yourself is dangerous, for you should believe yourself and you kid yourself when you believe that a customer can pay out more than he takes in or that you are a better collector and can get yours. The fellow who is repossessed from, or sold out, has kept up his payments as long as he could and staved off other creditors in order to do so, and when they become too pressing, he falls behind with payments to you and you repossess. Others also repossess if they can or they attach his wages time after time. and he loses job after job. Just notice how wage-earners are going into bankruptcy. There is record at Dayton, Ohio, of 15 bankruptcies and 2 trusteeships in one week, while in Columbus for the same period there were 20 voluntary petitions in bankruptcy applied for. Budgeting at the proper time would have prevented most of these. People seem discouraged and hopeless, some even offer to surrender their goods when it is unnecessary.

In addition to this most domestic difficulties can be traced directly to financial troubles. It must then be true that the greedy merchant or lender who extends credit without proper investigation is contributing to these conditions for overselling or overlending is as much the fault as overbuying or overborrowing.

How to prevent losses is a serious question for the merchant, loan man, and all the community and should be given serious consideration. The condition may never be eliminated entirely but it can be reduced to a negligible minimum, if the merchant or lender will pass on to the other fellow the things he has learned and all will be benefited. To take a shot is suicidal when the gun is pointed your way. Get reports from the Credit Bureau on all the new accounts you open, and don't be afraid to talk to your prospective borrower or buyer. Ordinarily they will appreciate your showing an interest in them, and this kind of SERVICE pays big dividends. B. L. T.

MASSACHUSETTS

The following is the report of the Supervisor of Loan Agencies for the year ending September 30, 1926:

"The report of the Supervisor of Loan Agencies for the license year which ended September 30, 1926, is submitted herewith in accordance with Section 98, Chapter 140, General Laws. This is the thirteenth public report of the work of the Bureau of Loan Agencies.

"One hundred and three lenders under supervision are engaged in the business of making loans of $300 and less. Of these three are companies specifically chartered by the Legislature. Seven of the lenders licensed October 1, 1925 to engage in the business of making small loans did not again apply for licenses in 1926 for the license year ending September 30, 1927, six of them liquidating their business with the intention of ceasing to make small loans entirely and one agency, although licensed and bonded for the year, not appearing to have made any small loans nor to have incurred any expense in having carried on the business.

"Ten new licenses were granted for the year October 1, 1926, to September 30, 1927, nine of which are active and one inactive at the present time. During the past year the Supervisor has had occasion to suspend several licenses for short periods because of failure to strictly comply with the requirements of the Bureau of Loan Agencies and one license was suspended for practically the entire term of the license year.

"The licensed lenders made 86,427 loans amounting to $11,631,636.40 and the chartered companies 75,514 loans amounting to $4,035,197.16. The total number of loans of $300 and less made was 161,941, and the amount of money loaned was $15,666,832.56, showing a net gain over the previous license year of 14,223 loans and an increase in the amount of money loaned of $1,378,829.32.

"There were 87,083 loans discharged or liquidated during the past license year.

"Loans to the number of 708 and amounting to $47,700.05 were reported as having been charged off as uncollectable.

"The capital engaged in the licensed business September 30, 1926 was $8,992,080 01.

"The Bureau of Loan Agencies continues to be more than self supporting. Without an increase in the number of employees a greatly increased volume of business has been attended to and the income of the Commonwealth from this Bureau has been increased. For the fiscal year which ended November 30, 1926, license fees to the amount of $10,600 had been received, while the expenditures of the Bureau were within the appropriation of $8,280.

"There was a marked increase during the past year in the number of inquiries regarding applications for licenses to engage in the business. As a result, it has been necessary to investigate very carefully the qualifications of applicants as to their experience and ability to engage in the business, also the local need for further licenses.

"In granting licenses the Supervisor has endeavored to follow certain well defined policies as to the amount of capital to be engaged in the business, the suitability and loan experience of applicants, as well as the intention of applicants to conduct their business entirely in compliance with the spirit of the Small Loans Law and at a location that will leave no question in the minds of the general borrowing public that the premises are suitable for the conduct of such business."

STATE SECRETARIES' NOTE

C. H. Watts, President of the Beneficial Operating Bureau addresses the following letter to the Editor of the News:

"Would it not be perfectly fine if the secretaries of the state associations would be just a little bit more attentive to sending the editor of the Lenders News advice of the dates of their contemplated meetings sufficiently far in advance so that other state secretaries would have notice of the event? We think so. For instance, the Michigan Association is meeting at Jackson on Thursday, April 21.

"Rhode Island likewise has its annual meeting on that date, and now Virginia sends a note that their meeting will be at Lexington on the 21st. One would have to have legs that are long and rapid to attend each one of these meetings.

"As you know, we are interested in all three, but we find it impossible to make the voyage. Won't you see that something is done about this at your convenience in the Lenders News, please."

Yes, the editor would like the help of the state association secretaries in the prevention of setting the date of state association meetings on the same day as other state associations are planning to hold their meetings. This can be overcome by fixing the date of the next state association meeting at each meeting held by that State and by notifying the National Secretary who in turn can advise the State Association Secretary if the date selected conflicts with any other state association meeting. If a conflict in the date occurs, the meeting date can, in most cases be changed to an earlier or later date so that any who may wish to attend most of the State Association meetings may find it practicable to do so.

LOANS ON VETERANS' POLICIES NOT VALID

Business concerns and individuals are being warned by the Ohio district of the U. S. Veterans Bureau not to make loans on ex-service men's government insurance policies granted by the Adjusted Compensation act.

Many veterans have given grocers, building contractors and others their policies as securities. The bureau pointed out that the policy, "in the hands of anyone outside of the chief beneficiary" is worthless. One case was cited of a veteran who named a grocer as the beneficiary in settlement of a bill. If the veteran were to die the grocer would not be able to collect his bill from the policy, the bureau points out.

A nationally recognized bank or one of the U. S. bureaus are the only institutions designated in the policy as legal lenders.

As yet no case of an individual or concern who has loaned money on a policy and who is trying to collect after the veteran's death has been brought before a court, according to the bureau. If a case does arise, the bureau is confident, its officers say, that the lender on the policy could not collect and that the main beneficiary would receive full value of the policy.

Many veterans are reported to be borrowing on their policies for small loans only for immediate debts. There is nothing the bureau can do to stop the veterans from borrowing on their policies if the loan is obtained from a legal source.—*Columbus Dispatch, April 10, 1927.*

LAMBERT DEFENDS DUAL SIGNATURE LOANS WHERE FOLKS ARE MARRIED

The following formed the basis of E. H. Lambert's remarks on the subject:

"Shall loans be made to a husband without the signature of the wife," or "Shall loans be made to a wife without the signature of the husband," and as my colleague Mr. Boullt and myself have been assigned to the negative side of this question, I am going to prove to your satisfaction that a loan should not be made to either of a married couple without the signature of the other.

The "Licensed Lender" is primarily in business to help the necessitious borrower. For the most part loans are secured by chattel mortgage on household furniture or by an assignment of part of the borrower's wages to be earned in the future. Personal property, mainly household furniture, forms the basis of security upon which small loans are made, although the borrower's salary and ability to meet the payments have much to do with the lender's decision in granting the loan. If the character and credit of the borrower are exceptionally good, the sum small, and his employment steady and sufficiently remunerative, it is not unusual for such loans to be made. It is much preferred by money-lenders, however, to have the wife join in the obligation and in some states, if the man is married, loans are made only to the wife with the signature of the husband and the money paid to her, as experience has shown that confidential loans made either to a husband or wife without the knowledge of the spouse, carry with them a risk of loss to the lender through failure of husband and wife to coöperate and economize for payment.

The working man, however frugal, worthy and honest owns little besides his household goods and his weekly wages and most of this is consumed for house rent, groceries, clothing and incidentals and must be disbursed in cash. The occasion of sickness, death or marriage in the family, or many other causes which from time to time upset the finances of every bread-winner, will arise and give him rightful cause to borrow money, (in anticipation of his earnings).

Obviously the loans of the "Licensed Lender" are made to the employee class, who are married people and as it is a known fact that about 85% of the people do not have banking credit, and as these borrowers and their families represent a class who are not learned in the law or skilled in economics or finance, it is our duty as reputable lenders to restrict our loans for constructive and helpful uses.

The Code of Ethics of the American Industrial Lenders Association and Article No. 2 of the By-Laws of the A. I. L. A. in the Declaration of Principles under the heading "Objects" reads:

The objects of this association shall be to improve the small loan business.

Also in Article No. 1, Paragraph I, we find:

The foundation of business is confidence which springs from integrity, fair dealing, efficient service and "Mutual Benefit."

Also in Article No. 2, Paragraph I, we find:

The proprietors, executives and managing officers shall be moral men, of sound integrity, clean reputation and unquestioned honesty and credit standing.

Also in Article No. 2, Paragraph III, we find:

They shall operate, manage and supervise the business transacted under their authority and direction in strict conformity with the word and spirit of the Law.

In Paragraph IV, we find:

They shall at all times dignify the Industrial Loan Business so that it will enjoy the confidence and approval of the public.

And in Article No. 7, Paragraph I:

We pledge ourselves to conduct the Industrial Loan Business in such a manner as to win and hold the confidence of the public.

In Article No. 3, Paragraph X:

We shall condemn any effort to evade our loan laws.

In getting the Egan Act looked upon favorably by the members of the Legislature and Senate, it was necessary to convince them that there was a certain class of "would be" borrowers who own no real estate or collateral security to obtain a loan but only their household effects and their unearned or expected saalry. Therefore we are permitted to make loans on their household goods or on their assignment of part of their salary. Let us then respcet this law and accept the full intent, for it surely must mean what it says when we read it word for word from the Laws of New Jersey under Chapter 49, Session of 1914, on page 79, pertaining to the wage assignments as follows: Section 17—Uniform Small Loan Law (Mtg. & Assignment) "No such assignment or order shall be valid when made by a married man, unless the written consent of his wife to the making thereof is attached thereto." And if the law is intended to reach the salary assignment, surely it is meant to cover the chattel mortgage when that mortgage is executed on household goods. The household goods are just as much a part of the home as the wage for it is through the income or salary that such goods are obtained. Revision of 1902—Mortgage. A man and woman get married for no other purpose than to consolidate their resources and prospects for the future. How many of you married fellows remember your marriage vow (My worldly goods to thee, endow) but in case of disagreement, isn't there a great possibility of dissolving this partnership? Why, then shouldn't both of these people, partners in a business of making a home, be acquainted with any

ransaction that should be undertaken conerning their welfare. They discuss toether all matters pertaining to conditions n the home and surely the finances are part of the topics. In a family if here is harmony, there should be no ecrets from each other on the part of ither husband or wife and surely there hould be no secrets in matters financial. Vhy shouldn't she know? Why not make er a party to the contract? A wife with little more interest in the home, than o just buy the full market basket is a reat asset to any man and we do believe hat if such consideration was given to very wife we would have fewer and robably do away with the great trouble n many a home, that of separation, which ften-times ends in divorce. (You have een many a loan slipping when this conition begins to show itself and often imes finds its way into the P. & L. file.) he General Public has a very clear nderstanding that the Industrial Lender eals with married men and women in a reat majority of cases. The money so oaned is for the use and benefit of the amily as a whole. The home is the oundation on which our government is ounded. It may truthfully be said that he home is the "Backbone of the Naion." Why should we disturb the peace nd quiet of the home by making conidential loans.

You are all well enough acquainted, ow unpleasant it is to handle such a ransaction especially when this account egins to go slow. You are afraid to send otices, afraid to send to the home. Why? ou may get it over to the spouse that ou have a loan against them. You ould let the other one know but what re the consequences? For this very eason you hold back and keep your low.

Is this pleasant business. Is this deirable business? Of course not.

There are some reasons why loans are nade to the husband without the wife's ignature and to the wife without the usband's signature, but if our opponents vill stop to analyze these reasons, they vill find there is no justification for a Licensed Lender" to make a confidential oan. Experience proves that when a loan s made to the husband without the wife's ignature that there is a lack of harmony n the home. The husband usually has een gambling, drinking, or doing a numer of other things he does not want his vife to know. When a loan is made to he wife without the husband's signature, t is because she may have been doing a umber of things that she does not want er husband to know. Neither of them top to realize that the repayment of this oan must come out of the husband's arnings and therefore it is necessary for oth of them to deprive themselves of a eal necessity in order to repay the loan. low much nicer it would be if this paricular subject was taken up by both and vorked out together. If a loan was necesary, this home would be carried on in ull accord.

We have given the women the right to ote — given them Suffrage — to have a oice in the selection of those who are o create our laws and govern us. olitics are now a topic in every houseold. Why? Because the wife is inerested. We must credit the wife with aving average intelligence and having an nderstanding of the home conditions. Vhy is it that the Legal Aid Societies— ocial Service Organizations and other haritable institutions take such an interest in our business—because we do business with the family. They want to protect the interest of the home and that is part of our business—another reason why the husband and wife should sign our papers.

Have you ever had it brought to your attention that it is possible for a husband to borrow on his life insurance policy to the limit and when it comes the time to collect, there is very little left. Isn't that a very sad condition. Doesn't it seem to be just as bad a condition if a wife should find that her husband had mortgaged the household goods without her knowledge.

These are conditions that we want to correct and the only way to do this is to have both of them on the papers.

Let us put the Loan Business on a basis where Justice will be done. Let us put it where it will reflect credit, rather than Dishonor upon the great State of New Jersey.

MR. CHAIRMAN: Mr. Boult, my colleague and myself believe that we of the negative side of this question have given you sufficient reasons why "Loans should not be made to the wife without the signature of the husband nor to the husband without the signature of the wife."

No assignment of or order for wages earned or to be earned in the future to secure a loan or advancement of three hundred (300) dollars or less shall be valid against the employer of the person making such assignment or order unless such assignment or order is accepted in writing by said employer. No such assignment or order shall be valid when made by a married man, unless the written consent of his wife to the making thereof is attached thereto; provided, that where a married man is living separate and apart from his wife for a period of five months prior to the making of said assignment or order then said consent shall not be required. — *Laws of New Jersey—Chapter 49, Session of 1914, Page 79.*

PENNSYLVANIA

A meeting of the Pennsylvania Industrial Lenders Association was held in the Chamber of Commerce Bldg., Scranton, at 11 a. m., on Thursday, March 24, 1927.

The meeting was called to order by Vice-Chairman, Bachofer.

There were 29 members present.

Secretary Herron reported Chairman Webster had telephoned him that he was unable to be present owing to illness.

TREASURER'S REPORT

Treasurer Joseph F. Devine reported after the payment of all bills there was a substantial balance in the treasury.

Upon motion of Mr. Hart, seconded by Mr. Millard, the report of the Treasurer was received and ordered spread on the minutes.

SECRETARY'S REPORT

March 23, 1927.

To the Officers and Members of the Pennsylvania Industrial Lenders Association:

The following is a report of the Secretary since our last meeting:

Present Membership	141
Members dues paid to date...	136
Members dues paid to Dec. 31, 1926	3
Members dues paid to Dec. 31, 1925	2
Total	141
Licensees in the State.....	392

Respectfully Submitted,
W. S. HERRON, *Secretary.*

Upon motion of Mr. Watts, seconded by Mr. Devine, the report of the Secretary was received and ordered spread on the minutes.

LEGISLATIVE COMMITTEE

Mr. Hart reported that there had been no bills introduced up to Wednesday, March 23rd, which was the last day for the introduction of bills.

MEMBERSHIP COMMITTEE

Secretary Herron reported having five new members for election at this meeting.

ENTERTAINMENT COMMITTEE

Secretary Herron reported that there has been no Chairman appointed for this Committee as yet. There was considerable discussion on the need of immediate action by the Entertainment Committee on the arrangements for the Annual meetting.

Upon motion of Mr. Watts, seconded by Mr. Shuster, the Secretary was instructed to write Chairman Webster, suggesting the appointment of James Lyons as Chairman of the Entertainment Committee, with instructions to arrange date and secure the necessary accommodations for our Annual meeting in November.

PUBLICITY COMMITTEE

Mr. Curry reported having received a large amount of publicity for this meeting and had copies of same ready for the members to read.

SPECIAL COMMITTEES

Mr. Curry reported that the newspapers of Scranton had agreed to give them a special heading for our business.

Mr. Bachofer reported for Reading that they now have a special heading for our business, but that the Reading Lenders are compelled to bear the expense of same which amounts to $9.00 per month.

Upon motion of Mr Hart, seconded by Mr. Millard, the newspaper heading was referred to the Executive Committee to frame a proper heading and report same at our next meeting.

Mr. Herron reported that there has been no need of employing counsel to coöperate with the Banking Department in their prosecutions, owing to the cases still pending in the courts, and requested the Committee be continued.

Upon motion of Mr. Watts, seconded by Mr. Curry, the Committee for engaging legal talent was continued.

NEW BUSINESS

Secretary Herron read the names of the Peoples Realty and Mortgage Co., 1325 S. Broad St., Phila., delinquent for dues since June 30, 1925, and the Commonwealth Finance & Loan Corp., 38 N. 6th St., Reading, delinquent for dues since December 31, 1925, and recommended their suspension.

Upon motion of Mr. Watts, seconded by Mr. Curry, the two above companies were suspended for non-payment of dues.

Upon motion of Mr. Devine, seconded by Mr. Ornstine, the chairman of committees were instructed to have their re-

ports in the Secretary's hands at all meetings.

Upon motion of Mr. Hart, seconded by Mr. Curry, bills amounting to $442.83, which have had the approval of the Executive Committee, were ordered paid.

Upon motion of Mr. Herron, seconded by Mr. Watts, the membership of D. D. and H. L. Drake was ordered changed to the Standard Loan Corp.

Secretary Herron read a letter from J. J. Maloney, of the Standard Loan Corp., in reference to an overcharge to a customer as follows:

January 18, 1927.

Mr. Walter S. Herron,
404 Denckla Building,
Philadelphia, Pa.

Dear Mr. Herron:

I was talking with Mr. Buck today on the telephone and I am enclosing herewith a letter which I received some time ago from the Legal Aid Bureau in the matter of an overcharge of $.42, which was made through a clerical error at this office.

I would appreciate it if you could use your influence with Mr. Hassrick, perhaps, in having this matter adjusted. It appears that someone must have informed this Mr. Louis Carra, the name of our customer, and he is trying to take advantage of the $50 fine for the violation of the Small Loan Act. This man Carra called at our office and wanted to know what we intended to do in this matter, and I explained to him that we are willing to refund the overcharge, but he refused to accept it and insisted that we make settlement according to the terms expressed in the enclosed letter.

Thanking you for any assistance you can render me in this regard, I am

Very truly yours,
J. J. MALONEY, *Mgr.*

The following is another letter from Mr. Maloney:

March 8, 1927.

Walter S. Herron, Sec.,
404 Denckla Building,
Philadelphia, Pa.

Dear Mr. Herron:

As a matter of record I think the Lenders should be advised that I had an experience in the case of one Louis Carra, 1415 S. 17th Street, who works for the DeFrain Sand Company, 27th and Christian Streets. As the comaker on this note I had Edna and Edward J. Murray, 2344 Woodstock Street.

The case is this: On February 17, 1926, I made the above named party a loan for $200. Payments were met promptly until November 26, 1926, when through an error on the part of our cashier, this man was overcharged $.42 on the interest. He appealed this matter to the Legal Aid Bureau and then requested that I make settlement on the 6% basis. I let this matter drag on and he took this matter up with the Banking Department, and as a consequent of this, a representative called together with Mr. Carra on March 4, and I satisfactorily explained the reason why this error occurred, and how I made the proposition to refund this money, but Carra refused to accept it. Therefore, without further complications in this regard, I accepted this settlement on the 6% basis.

I am, therefore, advising you of this matter and I think the other companies should be advised in order that they would not make any further loans to this party, should he apply to them.

Very truly yours,
J. J. MALONEY, *Mgr.*

Mr. Herron reported that Mr. Maloney had made a settlement with his customer in the presence of a representative of the Banking Department and that the account was now closed, Mr. Maloney receiving 6% per annum for his loan. Mr. Maloney's action was highly commended.

Upon motion of Mr. Watts, seconded by Mr. Herron, the letters of Mr. Maloney were ordered spread on the minutes.

At this time the meeting adjourned for luncheon, when we were addressed by Dr. Joseph M. Gray, pastor of the Elm Park M. E. Church of Scranton, and Hon. Albert W. Johnson, District Judge of the United States Court at Scranton, whose remarks were interesting and well received by the members.

The meeting re-convened at 2:30 p. m., after which the Association was addressed by Mr. Gibbs, of the Scranton Chamber of Commerce; E. K. Armstrong, Manager of the Scranton Better Business Bureau, and R. H. Phillips, former manager of the Classified Advertising of the Scranton Republican. All the addresses are in the Secretary's hands and will be loaned to any member desiring them.

Upon motion of Mr. Watts, seconded by Mr. Kehr, the Secretary was instructed to write a letter of appreciation and thanks to Dr. Gray, Mr. Armstrong, Judge Johnson and Mr. Phillips for their talks to us and a rising vote of thanks was given them, also the Scranton members of our Association for their efforts at this meeting.

Mr. Kehr now being present and being Chairman of the Legislative Committee, confirmed Mr. Hart's report previously given.

The Secretary read the following applications for membership:

Hart Loan Society, 725 Hamilton St., Allentown; Household Finance Corp., Penn Central Bldg., Altoona; United Small Loan Corp., 235 Franklin St., Johnstown; Girard Investment Co., 305 High St., Pottstown; Girard Investment Co., 13 W. Center St., Mahanoy City.

Upon motion of Mr. Watts, seconded by Mr. Kehr, the above applicants were duly elected to membership.

Upon motion of Mr. Hart, seconded by Mr. Kehr, the date and place of the next meeting was referred to the Executive Committee.

Upon motion of Mr. Herron, seconded by Mr. Watts, owing to the lateness of the hour, all business not acted upon at this meeting was referred to the Executive Committee.

Upon motion of Mr. Kehr, seconded by Mr. Ornstine, the meeting adjourned at 3:30 p. m.

W. S. HERRON, *Secretary.*

HOUSE-TO-HOUSE DISTRIBUTION

N. A. WINTER
Des Moines, Iowa.

One of the most productive ways of getting business is to distribute folders from house-to-house in your city or loaning territory. This is a method as old as the hills but it still works. Some companies may think that it is a little undignified, but if the right kind of an advertising folder is used this element will be entirely eliminated.

This method of advertising has several advantages. It is direct; you can concentrate on your prospects; you get their undivided attention; quick returns. Add to these advantages the fact that the cost of such advertising is usually very reasonable.

Direct advertising is one of the best kinds of advertising for the simple reason that you can reach the people who you figure are your most likely prospects. By this I mean you can district your city, and cover only those portions where your best prospects live.

When an attractive, interesting folder is left at the door it is taken in and laid on the living room table and looked over in about 90% of the cases. In other words it receives the undivided attention of the family; no other advertising is competing with it and you bring up the question of borrowing money at a time when the whole family is at home and can discuss it.

These advantages no doubt account for the quick and profitable percentage of returns to house-to-house distribution of folders. The best returns come when this distribution is made periodically. Some companies cover their territories every 30 to 60 days during the spring, summer and fall months. Boys can be obtained to distribute the folders on a time basis and when a responsible supervisor is placed in charge of the boys you will find that the job is done right.

It will pay to do some of this house-to-house advertising this spring and summer. Lay out your territory, figure what quantity you will need to cover it two or three times and if the right kind of folder is used and the distribution well planned I feel sure that the returns will please you.

PERSONAL PROPERTY

Chattel Mortgages. Rights of Bona Fide Purchaser When Property Retained by Mortgagor's Agent With Power of Sale.

Plaintiff brought a replevin action to recover the possession of an automobile. Plaintiff had loaned money and taken a chattel mortgage on three automobiles as security. The mortgage was duly filed. Thereafter the plaintiff permitted the mortgagor to take the cars to a garage for the purpose of having them sold by the garage, knowing that the garage was to pay the plaintiff what was due on its chattel mortgage out of the proceeds of such sale. While the cars were in the garage, a salesman employed by the garage, sold the car here in question to the defendant and absconded with the money. The lower court having found that defendant exercised reasonable prudence in purchasing the car, paying fair value and acting in good faith and without any knowledge that plaintiff had or claimed to have any lien against the same, this court

Held, as the first determination of this question in the state, that plaintiff could not recover, for as against defendant who purchased in good faith without knowledge of the existence of the mortgage plaintiff waived the lien given by the chattel mortgage when it consented that the automobile here in question be placed

n a garage for sale to the public generally, relying upon the mortgagor and the mortgagor's agent, the garage, to collect the proceeds of the sale of the car and pay the same over to the plaintiff in satisfaction of the debt secured by the chattel mortgage.

Southern Wisconsin Acceptance Co. v. Paull (37554).

Supreme Court of Wisconsin, Decided April 5, 1927. Court Decisions Reporting Corporation, 35 Maiden Lane, New York.

ASSOCIATION TYPES

Types of membership in an organization vary. To harmonize the various types usually falls to the lot of the secretary.

First—There is the type who is "just a joiner." He pays his dues, usually with a mental protest. Puts nothing in and of course takes nothing out. This type is an Association liability.

Second—Type of member who thinks enough of the Association to attend the meeting, but contributes nothing of interest and usually votes the meeting a bore.

Third—Type joins, thinking by so doing he solves his business perplexities and all he has to do is get under the organization umbrella and thus become a good merchant.

Fourth—The dangerous type takes part in a discussion, votes in agreement, then goes home and does the opposite. This type can do more to break down the morale of an association than any other.

Then we have the OTHER and REAL type who believes in coöperation twenty-four hours a day, who encourages officers by their presence at the meetings and who are big enough to say an occasional kindly word—who join knowing that individually they can do little and who always refer to the Association as My association and realize the Association is an aid to better business.—*Pueblo, Colo., Bulletin.*

DR. RYAN JOINS N. C. C. A.

Dr. Franklin W. Ryan, author of "Usuary and Usuary Laws" one of the standard textbooks on the small loan business, who was for three years Instructor in Banking in the Harvard Graduate School of Business Administration at Cambridge, Mass., and Assistant Chief of the Finance Division of the U. S. Department of Commerce during 1925-1926, has just been elected Vice President of the National Cash Credit Corporation with headquarters at 40 Journal Square, Jersey City, N. J.

The National Cash Credit system of loan offices now operates in seven different states and is one of the most promising chain systems in the A. I. L. A. Dr. Ryan after writing his book on the small loan business, became so interested in it, that he finally decided to go into the business himself.

Col. Badger, the head of the N. C. C. A. Organization selected Dr. Ryan to build up a new department which has just been organized and in his new position, he will have many different duties among which will be the task of handling the executive training system which was started last year. He will also have under his supervision the *N. C. C. A. News* and the personnel records system. With the growth of the organization a great deal of economic and statistical research must be undertaken which will be carried on under Dr. Ryan's direction. He brings to the organization a wealth of financial experience gained not only as a bank executive and Instructor in Banking at Harvard, but also from intimate contact with governmental problems at Washington and from his work as a consultant for Wall Street financial houses. During 1926 he was a member of the Consulting Board of the Brookmire Economic Service of New York, the largest economic service in the United States.

CONNECTICUT

Connecticut Association meeting at New Haven, March 16, 1927

The Connecticut Industrial Lenders Assn., convened at the Hotel Taft, New Haven, Conn., on Wednesday, March 16th at 1:00 o'clock.

Luncheon was served to 40 members and guests in Parlor "A" and the meeting was called to order at 2:30 o'clock by Chairman Connors.

The reading of the minutes and the reports of the officers followed which were approved and ordered filed. The report of the membership committee was very gratifying and it is the desire of this committee to double the membership during 1927. The Treasurer's report showed the treasury to be in healthy condition.

Included in unfinished business was the matter of group educational advertising and it was voted to temporarily discontinue the campaign pending the findings of a committee appointed by the chair who are to report at the next meeting.

Under new business the matter of dues as it affected membership in both the National and State was discussed and reference was made to a motion made at a previous meeting adopting in principle the plan whereby State dues pay both the State and National dues.

National Chairman "Bill" Young gave a very interesting talk regarding this matter and also the method of sending delegates to the convention. The above was the forerunner of the following:—Motion regularly made and seconded that the C. I. L. A. go on record as favoring two delegates per State having power to vote at the National Convention.

Owing to the fact that New Haven seems to be the most central location in the State it was decided by vote to hold all future meetings at or in the vicinity of that city. A uniform cut or seal is to be drafted by a committee who are to report at the next meeting.

Motion regularly made and seconded that the next meeting be held at a place where swimming and sports might be indulged in on Wed., June 22d, all day.

Wm. J. Miller, *Secretary.*

MARYLAND

The March meeting of the Maryland Industrial Lenders Association was called to order promptly at 8:00 o'clock by Chairman Hood.

There was about 80% membership attendance at this meeting. On motion duly made and carried the minutes of the February meeting were accepted as distributed. Following are the reports of the standing committees:

Mr. Baseman, treasurer, reported all bills paid to date, and a balance in the treasury of $405.18.

Mr. Holden, chairman of the Publicity Committee, was able to secure sixty lines in regard to meeting of the Association in both the Baltimore and Hagerstown papers.

Mr. Sutton of the Vigilance Committee made a very satisfactory report on the case which has been requiring his attention.

Mr. Gardner of the Law Committee was absent. It is quite possible that we might apply some of this selfsame law to Mr. Gardner to secure his presence at the meetings of the Association.

Ye Secretary had to take another good licking from the Hon. E. F. Moore, for presuming to aspire to the name of "Industrial Banker," the subject of discussion being the advisability of changing the present name of the Association to "Maryland Industrial Bankers Association."

After Ye Secretary's wounds were dressed, and with the help of a pair of crutches, he was able to continue his duties.

Mr. Bryant made a comprehensive report of his activities in behalf of the Association, and you fellows who were not there won't learn a thing about it, unless you attend the meetings.

Incidentally, it might be stated at this time, that the theatre party of the Maryland Industrial Lenders Assn., was quite a success, giving Messrs. Hood and Houghman an opportunity to shake the moth balls out of their "Soup and Fish."

The April meeting of the Maryland Industrial Lenders Association was called to order promptly at 8:00 o'clock by Chairman Hood, April 29.

There was a very gratifying attendance, practically every office in the Association being represented. We also had the pleasure of having among us many non-members of the Association.

Following are the reports of the Standing Committees:

Mr. Baseman, treasurer, reported all bills paid to date, and a balance of $465.80 in the treasury.

Mr. Holden, Chairman of the Publicity Committee, has secured fifty (50) lines of publicity relative to the activities of the Maryland Industrial Lenders Assn.

A letter addressed to Mr. Holden, as Chairman of the Publicity Committee, from Miss Margaret Lee, of the Classified Advertising Department of the *Baltimore News and American,* was read, indicating that the *Baltimore News and American,* in all its departments, will coöperate with us in giving publicity to any news items which might be of interest to the public.

On motion duly made and seconded a rising vote of thanks was extended Mr. Holden for his whole-hearted and successful efforts as Chairman of the Publicity Committee.

Mr. Bryant, Counsel of the Association, made an excellent report of his activities in conjunction with that of the Advisory Committee. At his suggestion, a committee composed of Messrs. V. D. Moss, C. A. Gardner and Howard T. Mattingly was appointed to wait on Bank Commissioner Page, and assure him of our coöperation.

Through Mr. Bishop, of the Credit Service, an invitation was extended to the members of the Maryland Industrial Lenders Association from the Virginia Lenders Association to attend their quarterly meeting, which was held in Alexandria, Virginia.

On motion duly made and seconded the resignation from the Association of the Citizens Finance Service Company was accepted.

The feature of the evening was a debate, the subject of which was "Should the Salary Assignment Act be Deleted from the Statutes of the State?"

Messrs. Moore, Hedgepath, and Young spoke very ably in the affirmative; so ably that Mr. Howard Bryant, acting as Judge, awarded them the decision. Messrs. Moss, Boldt and Gardner apparently spoke less ably for the negative side.

The debate was thoroughly enjoyed by all, and was undoubtedly of vast educational value.

J. L. ROSENFIELD, *Secretary.*

VIRGINIA

A regular meeting of the Virginia Industrial Lenders Association was held in the George Mason Hotel, Alexandria, Va., on April 21, 1927.

The meeting was called to order by Chairman Burnette at 11:45 A. M.

The following members answered the Roll Call:

Richmond: Citizens Small Loan Society, United Small Loan Corp., Personal Small Loan Corp., Virginia Small Loan Corp., Beneficial Loan Society, Capitol Small Loan Corp., Standard Small Loan Corp., Credit Small Loan Service, Inc.

Norfolk: Citizens Small Loan Society, Empire Company, Norfolk Loan Society, National Small Loan Society, Beneficial Loan Society, Atlantic Small Loan Society.

Roanoke: Roanoke United Small Loan Society, Roanoke Loan Society, Beneficial Loan Society.

Lynchburg: Lynchburg Loan Society.

Portsmouth: Beneficial Loan Society.

Alexandria: American Small Loan Corporation.

Newport News: Mutual Small Loan Corporation.

Secretary's Report: The Secretary reported thirty (30) members on roll, of which only 21 are in good standing with dues paid for the half of the year. Nine out of the twenty-one have paid dues for the full year. There are 41 Licensees in the State.

Treasurer's Report: The Treasurer's report was read and approved.

COMMITTEE REPORTS

Chairman's Report: Mr. Burnett reported that since January 1st, a large amount of real work had been accomplished by the Legislative Committee.

Mr. Burnette reported that "Facts About the Small Loan Business," by Virgil R. Goode, of the Richmond Bar, had been mailed to all of the Judges, Attorneys and Bank Presidents in the State.

The V. I. L. A. members of Richmond are running in the *Times-Dispatch* an advertisement of Education each Monday.

SPECIAL COMMITTEES

Mr. Bradshaw, of Norfolk, reported that arrangements had been completed whereby the *Virginian-Pilot* had agreed to publish educational items for thirty-two weeks, and requested that the Chairman supply the material for these items.

Mr. Price, of Roanoke, reported that he had two applications for admission to membership in the Association. He also reported a great deal of the wrong kind of publicity in his city, and stated he was endeavoring to convert the Editor of the Roanoke paper to see the real good in the Small Loan Business. Mr. Price asked for advice on this matter and Mr. Shewmake answered that matters of this kind appearing in publications should be clipped out and mailed to the Chairman. He also stated that such work should be handled by and through the Association and not by any one individual member.

Mr. Tucker, of Alexandria, reported working on two prospective members in Arlington, but had not lined them up as yet.

Mr. Burton reported that he had been working on a Small Loan Company in Cape Charles for his application for membership, but did not think that the size of their business would justify their joining at this time.

SPECIAL EDUCATIONAL COMMITTEE

Mr. Moss and Mr. Phillips, members of this Committee.

Mr. Moss reported that the License Fee could not be remitted.

Mr. Moss moved that the Committee be temporarily discharged, which was seconded by Mr. Pope, voted and carried.

Mr. Shewmake made a very interesting talk on Legislation in which he stated that we had no reason to be ashamed of our business or the rate of interest charged. Mr. Showmake also reported that no measure detrimental to the Small Loan Business was passed in the Special Session of the Legislature.

Mr. Moss moved that the recommendations of the Executive Committee be adopted, but after some discussion the motion was recalled.

Mr. Tucker moved that the meeting adjourn for lunch, seconded by Mr. Bishop, voted and carried. Adjourned for lunch at 1:20 P. M.

AFTERNOON SESSION

Afternoon session called to order by the Chairman at 3:00 P. M.

Mr. Moss made motion that the recommendations of the Executive Committee be accepted, seconded by Mr. Edge, and after some discussion the motion was voted on and carried, 15 for and 4 against.

Mr. Pope made motion that all Licensees be canvassed for membership and admitted on the payment of this year's annual dues, which was seconded by Mr. Bishop, voted and carried. No other charge for the year 1927.

Mr. Mattingly made motion that this Association go on record as approving of dual membership in the State and National bodies or in other words when one is a member of the State Association he automatically is a member of the National body and he is so assessed. Seconded by Mr. Pope, voted and carried.

Motion by Mr. Pope to revise By-Laws and amend the Constitution as to assessments and dues, and report to the next Annual meeting by a Committee appointed by the Chair. Seconded by Mr. Bishop, carried.

Mr. Brown, Roanoke, reported that an account of the Dixie Small Loan Corp. was about to skip out, but they had the customer arrested as an absconding debtor. The case came up in Police Court and was dismissed. The Dixie Small Loan Corp. then brought suit in Hustings Court for the unpaid balance of loan and the Judge ruled that we could only collect the past due payments and could not force payments that were not due, although our contract matures the full loan when one payment becomes past due. The Dixie took a non-suit and are bringing the matter before another Judge. We shall hear more of this later.

Applications: Mr. Tucker, Alexandria, presented application from the American Small Loan Corp., Petersburg, Va. Voted on and admitted.

Mr. Price, Roanoke, presented application from the Dixie Small Loan Corp., Roanoke. This held up for action at the next meeting.

Mr. Pope made motion to have the V. I. L. A. and Maryland Asso. hold joint meeting in Washington, D. C., at some future date, seconded by Mr. Bishop, voted and carried.

A rising vote of thanks was extended to Mr. Tucker for his excellent lunch and entertainment.

There being no further business, the meeting adjourned, to meet in Norfolk during July, the time and place to be selected later by the Committee.

We enjoyed having with us a large delegation from the Maryland Association and feel sure the V. I. L. A. boys who did not attend this meeting, missed a mighty good meeting.

H. M. FENNER, *Secretary.*

STILL GROWING

The Beneficial Operating Bureau, 468 Fourth Avenue, New York City, announces the following promotions, appoints and transfers within its ranks:

PROMOTIONS

Mr. Frank A. Reed, former manager of the American Loan Co. at Pittsburgh has been promoted to Assistant Northern Supervisor under Mr. A. G. Zimmerman.

Mr. Carl F. Northart, former Assistant Manager at Pittsburgh, has been promoted to Loan Manager of the McKeesport office.

Mr. Gordon A. Signor, former Assistant Manager at Youngstown, has been promoted to Loan Manager of the Youngstown office.

Mr. Glover L. Rice, former Assistant Manager at Erie, has been promoted to Loan Manager at Cumberland.

Mr. Theo. F. Heckman, Assistant Manager at Fort Wayne, has been promoted to Loan Manager at Kokomo.

Mr. A. E. Dejon, Assistant Manager has been promoted to Loan Manager of the New Haven office.

Mr. John J. Oxley, former Assistant Manager of the Boston office, has been promoted to Loan Manager at Springfield.

TRANSFERS

Mr. George J. Karpus, former Loan Manager at Wilkes-Barre is now Loan Manager at Pittston.

Mr. James A. Shilling, former Loan Manager at Reading is now Loan Manager at Richmond.

Mr. R. D. LeWando, former Loan Manager at Bethlehem is now Loan Manager at Lebanon.

Mr. Alvin E. Young, former Loan Manager at Lebanon is now Loan Manager at Newark.

Mr. William J. Scheib, former Loan Manager at Sioux City, has been transferred to Loan Manager of Detroit.

ADDITION

Mr. C. F. Berquist has been appointed Loan Manager of the American Loan Company at Pittsburgh, Penna.

Beneficial Operating Bureau announces the opening of Personal Finance offices in the following cities:

Cumberland, Md.; East St. Louis, Ill.; Hackensack, N. J.; Hamilton, Ohio; Hammond, Ind.; Kansas City, Mo.; Joplin, Mo.; Kokomo, Ind.; Lynn, Mass.; Moline, Ill.; Quincy, Ill.; St. Joseph, Mo.; Springfield, Mo.; St. Louis, Mo.; Worcester, Mass.

LOCAL MEN ATTEND NEWARK CONFERENCE

W. W. Gantz and John B. McClain, of his city, have returned from Newark, N. J., where they attended a regional conference of the Beneficial Operating Bureau, held in Hotel Treat. Addresses were made by Col. Clarence Hodson, Chairman of the Board of the Beneficial Bureau; Charles Watts, its operating President; Clarence Hodson, Jr., assistant operating President; E. C. Millard, supervisor of the Eastern Division, and his assistants, Herman Moore and C. B. Baldwin, and Superintendent Finck, of the Industrial Lenders' Institute. A banquet also featured the conference.—*Johnstown Tribune* April 13, 1927.

J. H. AUFDERHEIDE

Members who did not see the article before or learn of it in any other way will be interested in reading what Bert Henley, financial editor of the *Indianapolis Star*, in its issue April 5, had to say about our beloved member J. H. Aufderheide under the caption, "Opportunity Calls." Here is what Mr. Henley says:

It sometimes takes a bright, clear-visioned woman to grasp quickly and understand the call of opportunity. John H. Aufderheide, president of the Commonwealth and Metro Loan Companies, is authority for that statement and his own personal business experience is cited in support. "Become interested in some particular line of work for which you have some particular ability, stay with that work until you complete the task. Believe in your own ability to get ahead and persevere even in the face of discouraging situations." That is Mr. Aufderheide's advice to any young man who is just starting in life on his own account.

Yes, there is another bit of advice that Mr. Aufderheide appended. It is: "Get married happily to some young woman who also has an abiding belief in you. She may be the one who will lead you to success. There are times when worries and discouragements almost overwhelm a fellow, and it is then that a friendly pat on the shoulder, or an arm about the neck, and a soft word will encourage you to do your best in face of it all."

"There was a time when I was young in business—just starting out—that I became discouraged and for a brief moment considered a change that would not have led to any material success. Close friends advised me to make the change, but a cheery word and a suggestion from my wife that I should 'keep on fighting' kept me at my chosen work."

Mr. Aufderheide within the next few weeks will conclude his fortieth year in business. Starting as a bookkeeper and clerk in an insurance office, Mr. Aufderheide spent three or four years in getting his business bearings. He in that time had saved up a few hundred dollars, half of which he invested in fitting up a small office, starting independently and entirely upon his own resources. At first that business consisted of several lines—insurance, rentals, real estate and collateral loans. For four years his business path was rough, accumulating much experience but little income above his business and living expenses. Then he began concentrating his efforts on one line of business, and better days came.

"If a fellow is square and honest with himself as well as with all others; if he will concentrate on one particular line of work, and if he will persevere, he is bound to win out," Mr. Aufderheide declared.

MEETING SCHEDULE

MARYLAND — Baltimore, Emerson Hotel, May 11.

INDIANA — Indianapolis, Claypool Hotel, May 18th.

TENNESSEE — Memphis, Peabody Hotel, May 20.

NEW YORK—National Executive Committee, May 23, 10 A. M., Daylight Saving Time. Russel Sage Foundation. All members welcome.

MAINE—Portland, June.

NEW JERSEY—Asbury Park, June.

WEST VIRGINIA—Charleston, June 23d.

PENNSYLVANIA—Reading, July.

VIRGINIA—Norfolk, July.

INDIANA — Indianapolis, Claypool Hotel, September 14, 15, 16. National Convention.

ILLINOIS

The Illinois Industrial Lenders Association held its regular quarterly business meeting and annual banquet at the Palmer House, Chicago, Illinois, April 28, 1927.

The business meeting was held from 4 to 6 p. m. with satisfactory reports from officers on balance in Treasury and report by the secretary on a Membership of 82 Companies which was increased to 84, when applications of Metro Loan Company, 3165 W. Madison St., Chicago, Illinois, and Metro Loan Company, of Moline, Illinois, were voted upon and accepted.

Our legal counsel, Charles R. Napier, favored us with a talk on the making of loans where co-makers, guarantors or endorsers are used, which was followed by an interesting discussion.

Our President, Albert P. Snite brought up the subject of discontinuing quarterly meetings and requested an expression from those present regarding the advisability of holding an annual meeting or semi-annual meetings. After some discussion, the matter was referred to the Executive Committee.

President Snite complimented the Members, 50 of whom are members of the Chicago Association of Commerce, upon the success of their Subdivision Number 55 in being among the first to raise its quota of $3,750.00 to aid the Mississippi Valley Flood Sufferers with contribution to the American Red Cross.

A letter of thanks was read from the Chicago Crime Commission giving thanks for our contributions to their support.

J. H. Aufderheide, of Indianapolis was present and extended a real invitation to Illinois Members to attend the National Convention in Indianapolis next September and assured us we will be shown a real time.

The Second Annual Banquet of the I. I. L. A. was held at 7 p. m. with an attendance of 286, in the Red Lacquer Room, which is generally accepted to be the most beautiful banquet hall in the world. The tables were beautifully decorated with roses, Peonies and poppies.

The dinner, served in true Palmer House style, showed a carefullness of selection, hard to excel.

President Snite gave an interesting sketch of the activities of this association and pointed out its activities in a helpful way to the general public, by the service rendered in business and the coöperation of members in giving generously to charities and relief work in time of emergency.

Charles R. Napier, toastmaster, introduced the Guest of Honor, the Hon. W. I. Nolan, Lieutenant-Governor of Minnesota, who favored us with an address. He proved himself to be worthy of his introduction as an orator, a humorist and a statesman of high repute, and quickly reached the hearts of his audience. We are deeply grateful to him for arranging to be with us, and hope he will come again.

Jack Chapman's famous Ball Room and Radio Orchestra furnished the music for dancing and their popularity was instantaneous, lasting until midnight.

This was our Second Annual Banquet and will unquestionably become our most popular annual affair on account of the opportunity it affords for a big social get-to-gether.

JOHN H. SANDERSON, *Secretary.*

A SUGGESTION

"Plowing Time Is Near"

"If this weather keeps up much longer," Mr. Money remarked , "the farmer will have an early plowing season, and, more than likely it will be a good crop year. But it often happens that a man needs money for his seeds and fertilizers—money with which to make money, so to speak.

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IDX

The World's Smallest Financial Journ

Published for the men who are busy broadcasting for business.

SAY IT WITH PLOWERS

Now comes the season when the tru spirit of the average Industrial Lende asserts itself.

He either says business is "Rotten" o it can be "Gotten."

And he who plows deep after it usuall reaps a crop of silver dollars.

If you have been scratching the su face with a pen knife, the time has con to use the plow.

Let's call a spade a spade and use th good old fashioned instrument diggin for business.

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If you want to enjoy good busine this summer, the thing to do is to di now.

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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

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JUN 16 1927
UNIVERSITY OF ILLINOIS

Credit Unions and Industrial Loan Companies

EDW. M. STEIMLE, *Atlanta, Ga.*

It is indeed an honor and a privilege to dress the first annual meeting of the edit Union League of Georgia, and I elcome and appreciate as a representa- e of the Georgia Industrial Lenders ssociation this opportunity.

Credit is a universal necessity as vital the clerk, artisan and laborer on small ary or wages, as to the great corpora- n or the government to whom it is lispensable, and the commercial banks not, and cannot directly serve the edit needs of the great majority.

It is estimated that only about ten per nt of our adult population have check- accounts, and that of this ten per nt approximately five per cent can bor- w at banks. This is considerably more an ninety per cent of our adult popu- ion do not possess collateral which uld be accepted by the banks as se- rity for loans. Accordingly this large jority, in any emergency such as sick- ss, death in the family, unemployment other unforeseen or immediate occasion ready money must seek elsewhere for dit accommodations.

A survey of the character of the peo- who on occasion ask for small loans ow that they are of an eminently re- ctful class on the whole, proud and rmally self sustaining. They demand privilege of carrying their own bur- ns. They are not asking for charity. ey pay for what they get *but* where l they get it?

There are several institutions available I shall confine myself to two out- nding institutions—the Credit Unions d the Industrial Small Loan Com- nies.

The Credit Union idea was worked out meet the situation of the small bor- wer among the industrial workers and s been a success and the extension of plan is to be strongly commended, it is difficult to see how the Credit ions can ever become more than only partial solution to the industrial small n problem.

The Credit Unions, where successful the field of loans to industrial workers, ve been enabled to do business at less n three and one-half per cent for ee basic reasons:—

1. Overhead expenses have been do- ed by a benevolent corporate or in- idual employer:

2. Managers and officers customarily ve without pay.

3. The fact that loans are made among a limited group, all acquainted with each other, reduces risks. Thus we see that credit unions only serve a limited group and can only function as an institution among such corporations or individual employees where the working force is large enough to establish and maintain a union, but the instant a credit union endeavors to serve the *general public* it will have rent to pay, it will have to pay a living wage to a highly trained manager, and it will have the usual run of office expenses. In short its cost will become as great as the industrial licensed lender, so that unless the credit union proposes to give no return on the capital invested in the business it will be obliged to charge fully the rates as those charged by the Industrial Licensed Lenders. The advantage which reduces cost begin to disappear at the point where Credit Unions is organized to serve the general public.

Industrial Lending is a science and requires long years of experience as well as training. The experience of the trained loan manager has been; that frequently a borrower needs advice on budgeting his wages rather than a loan. There are times when a loan may do more injury to the borrower than to have refused to help him. There should be complete coöperation between husband and wife in seeking the loan and the loan should be made only when it will be helpful to the family. Overloading is the greatest evil known to the small loan business. This should be carefully guarded against. Loans should never be made upon the theory of friendship. Experience has taught that these loans turn out bad as well as harmful. Credit Unions are organized to help in time of need—and loans should be made upon such conditions and not otherwise. In Atlanta Credit Unions are just beginning to organize and function. Let us hope that these commendable institutions will prosper and be a blessing to its members.

I spoke of two institutions, the Credit Unions and the Industrial Small Loan Companies. I believe the legitimate small loan business is the least understood of any business. It is a deep study of economics.

A small loan within the meaning of the law is one in amount not in excess of $300.00 made on non-fluid security or unendorsed notes. The principal of which is repayable in small periodic amounts and the interest charged thereon is higher than that permitted to be charged on gilt edge security made by the Credit Unions and Commercial Banks. Where equitable laws are operative Industrial Loan Companies are conducted along efficient business like lines under the supervision of the State and with fairness to borrower and lender.

As the business is essentially one of service the payment plan is arranged to suit the convenience of the borrower both to amounts and the due dates; it being realized that the loan must be amortized out of the surplus available from the living expenses. Many of these loans are made on plain notes; that is the single obligation of the borrower without endorsement, guarantee, or any sort of collateral. Let me bear emphasis that the encouragement of endorsements is bad because where A asked B to endorse for him B will naturally ask A to return the accommodation and often for considerably more than their credit will permit or their incomes will allow thereby overloading both and instead of an accommodation for either becomes a burden to both. I know of a case where eight men criss-crossed, as we call it, on endorsed paper that made them liable to the extent of $15,000. $250.00 per month was the highest salaried man of those involved. One of these men had several small loans to the amount of $2,800.00. Most small loans, however, are made on household furniture which is left in possession of the borrower and for the removal of which the lender freely gives his consent. Husband and wife are required to sign—this assures the lender that the money in most cases will be used for legitimate purposes and for the family's benefit.

No elaborate reasoning is required to show the great need existing for credit Unions and legitimate small loan companies. It must be apparent that if more than ninety per cent of the adult population are unable to borrow from banks, there must be some alternative credit accommodation for them. A keener realization of this need must inevitably follow from a casual analysis of the financial condition of the bulk of the class who lack commercial banking accommodations.

The report from the Bureau of Eco-

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nomic Research on the distribution of incomes show that of approximately forty million persons in the United States receiving incomes, about eighty-six per cent were not earning in excess of $2,000.00 a year. Of this number about thirty-nine per cent were receiving incomes of not in excess of $1,000.00. In this class from which Industrial borrowers are largely drawn, are included the employees of Federal, State and City governments, clerks, bookkeepers, secretaries, stenographers, salesmen, small salary workers, railway employees, laborers, mechanics, professional men and women whom a recent survey listed as those who sought financing through industrial loans.

Analysis of the reasons for industrial borrowing shows the great value of the system to others; than the borrower themselves—for while there are many instances of such loans made for the purposes of advancing the borrowers material interest such as first payment on real estate purchased, to go into business or help defray the cost of schooling they are mainly to enable the borrower to pay debts. By thus financing the borrowers that they may promptly pay their bills to physician, dentist, grocer, druggist, homeowners and merchants generally, the legitimate small loan companies perform a service in relieving business men of this class from the necessity of tying up their capital in credit.

In so far as the Credit Union and the Small Loan Companies function as providers of credit they have a common purpose. But apart from this single point of similarity they differ as to operation The Credit Union with no overhead expenses and the lending of their own members capital with a limited group to serve and years of personal associations their risk is negligible if any. The higher rate of interest on small loan (industrial lenders) is allowed because of; 1st the smallness of the amount loaned and the frequent periodic repayments of the principal necessitating much bookkeeping and maintenance of records, 2nd the hazards inherent in the character of the collateral offered, when offered as security for the loans together with the expense of investigation, ownership, etc., 3rd the risk where the loan is made without security of any sort other than character, good faith and earning power of the borrower and 4th because small loans are made from capital of the lender, not from deposits or fund of its members.

The higher rate of interest permitted by law on small loans has long been recognized as having economical justification and I need but refer you to the Russell Sage Foundation, Department of Remedial Loans, who are neither connected nor affiliated with the Industrial Lenders, only to the extent of urging the States to adopt their small loan act (a child of the Russell Sage Foundation as a protection to the borrower and the lender.

You may be interested to know the ne earnings of capital invested in one given state which are the only figures available at this time; these statistics are compiled in the reports of the Banking Division of the States Corporation Commission of Virginia under whose supervision the Virginia Industrial Lenders operate.

There are about thirty licensees in the State of Virginia. The capital invested as of December 31, 1925, was $2,194,789.33 with loans averaging $75.00. Interest collected by these institution amounted to $754,339.86, expenses an losses $500,143.11, leaving a net earnin of $254,196.75, or an average of 11.57 pe cent. The average net earnings of cap tal invested for years 1922, 23, 24 a 25 is 10.67 per cent.

There are approximately twenty l censees in the States of Georgia wi invested capital of approximately $1 500,000. There are no statistics avai able in the State of Georgia, of the n earnings but they will compare favorab with those of Virginia. Would capit be invested in such hazardous busine with a less return when we consider t trust companies and the Commerci Banks that have declared dividends fro 12 to 25 per cent?

Thus we see that in Atlanta these tw institutions are meeting a great nee The Credit Unions serving a group lenders organized in several large co porations and the Small Legitima Lenders serving the general public.

Our interests are mutual. We desi to pledge our coöperation; there is roo for us both.

ILLINOIS

The Licensed Lenders Division No. of the Chicago Association of Commer shared first honors with members at Lar Division No. 33 in having been the fi to raise their quota for the Mississi Flood Relief Fund. Their quota w $3,750 and they contributed that amount record time. That's the spirit, Chica

INDIANA

The annual meeting of the I. I. L. was called to order by F. L. Thomps president, in Parlor T, Claypool Ho Indianapolis, May 18th, at 11 a. m. R call, 37 members in attendance. Ho ever these represented approximately offices.

The treasurer's report was then cal for and read. It was then moved a seconded that the report of the treasu be accepted and an auditing committee named, which consisted of G. C. Gr steiner and L. L. Bishop. The audit committee later reported that they examined the accounts of W. R. Hanco treasurer and found everything balance per report rendered, signed G. C. Gr steiner, L. L. Bishop.

At this time the president appointe nominating committee consisting of bert Spencer Jr., of Marion, C. H. St ton of Sullivan and H. H. Burrell South Bend.

The report of the secretary was t read and a motion made and carried t it be filed in the archives, attached he to, 28 new members, 138 total, 2 de quents.

The report of the membership comm tee was made and a vote of thanks gi Mr. Burrell for the wonderful work.

A motion was then made by C. Durnell and seconded that the Indi Association send to the Red Cross f for the Mississippi Flood Relief, $100 Motion carried and so ordered.

The president then called for a gen discussion of the National Convent Mr. Durnell then outlined his policies publicity. Mr. Stratton then discussed subject of speakers for the National C

To All Members of the American Industrial Lenders Association

The States along the Mississippi River and its tributaries are experiencing the greatest flood disaster in the history of this country. Its inhabitants, once prosperous, have lost practically everything they had. They are destitute and need immediate financial help in large measure. Not less than $10,000,000.00 is necessary to relieve these stricken states.

The American Red Cross responded instantly to the appeal for help and by virtue of its experience and organization, is better equipped to handle this disaster than anyone else.

We, whose business it is to *lend*, must now *give*. No group of business people should be in better position to appreciate the need for financial assistance to the good people of the Mississippi Valley than the Industrial Lenders of the country whose whole life's work is a solution of other folks' financial difficulties.

No matter in what section of America you may be, it is vital to you that these suffering people be cared for and it is your bounden duty to give financial support to the American Red Cross in this work of mercy.

I urge every member of the American Industrial Lenders Association to respond to the call and *lend* your assistance to these suffering people by *giving* until it hurts. Let's be able to say that our organization has responded 100 per cent.

Any member who has not contributed locally to this cause and desires to do so through the A. I. L. A., may send his check to Geo. W. Kehr, National Secretary, Harrisburg, Pa., who will turn it over to the American Red Cross authorities.

Sincerely yours,

WILLIAM YOUNG,
National Chairman.

---

ention. Mr. Thompson then spoke on he importance of securing national mem-ers by each member of the Association eing each of the non-members in his ommunity and respectfully urged that his be one of the important activities in he next two or three months.

Mr. Farrington then asked the question, any outside man (and respectfully re-erred to Mr. Eugene Foster, who is in harge of charities in Indianapolis) could ttend these meetings of the National As-ociation and the opinion was expressed y C. H. Stratton and R. C. Aufderheide hat our meetings were so conducted that ny outsider could "listen in" at them, at ny time.

MINUTES OF THE ANNUAL CONVENTION

Indiana Industrial Lenders' Assn.

Mr. Liggett was then called upon to alk on the subject of Budgeting. And e expressed the opinion that regardless f whether loan companies approved a udget plan, that they all used it for this pecific reason. That in making loans the rst question that was asked was what is our income and the second, what is your xpense and this is a direct relation to ny form of budgeting.

Mr. Grinsteiner then talked on the im-ortance of having all members in attend-nce because he could not register them nless they were there.

Mr. Liggett then inquired on the facil-ies of the hotel, and was assured that mple reservations were available.

The members were then called upon to sk any question relative to the loan busi-ess that was important to them. Mr. . L. Bishop of Indianapolis asked the ollowing question:

If a man was arrested for possessing quor in his automobile and a company ad a loan on this car, properly recorded, ould the company be able to collect their ccount? There were several opinions on his and Mr. Bishop advised the president hat he had a case of this kind in litiga-on at this time, and would advise the ecretary the results which will be given he members in bulletin as soon as re-eived.

Mr. Blumberg then made a report as chairman of publicity. That during the past year the Ft. Wayne Association had been especially active and several articles had been sent in from time to time.

Mr. Money of Shelbyville told the members of the convention how he had successfully obtained publicity items in Shelbyville due to a rule which requires the paper to carry a certain proportion of their paper for reading material in proportion to the space occupied by advertisements. And what he had been able to accomplish in Shelbyville could be accomplished in other cities if the proper effort was put forth. This was very valuable information and members should avail themselves of this opportunity, the same as Mr. Money has.

We adjourned for luncheon and Mr. Elmer Johnson supervising officer of the Indiana business made a short talk in which he advised the Lenders that there was sufficient appropriation in his department this year to place a full time man to inspect more thoroughly, our business. He also dwelled on the salary purchasing business and what steps the prosecutor of Marion County had taken. That several of them had been arrested, two convicted and a statement had been made that they would be arrested anytime a bona-fide affidavit was filed against them, in which a greater rate of interest than that allowed by law, was charged. The Association pledged their full coöperation with Mr. Johnson in all his activities.

We then adjourned to the convention room and the report of the auditing committee was made.

The report of the nominating committee was then called for and Robert Spencer, Jr., reported for this committee as follows:

F. L. Thompson, president; C. E. Durnell, 1st vice-president; W. G. Chandler, 2nd vice-president; W. R. Hancock, treasurer; R. F. Hartz, secretary.

Members of the Executive Committee: W. B. Nichols, R. C. Aufderheide, A. C. Broughman. The following delegates were also nominated for the National Convention: J. H. Aufderheide, W. A. Zumpfe, Joseph Baum, A. V. Keeney, C. H. Stratton and A. C. Broughman. It was also recommended that these delegates serve without expenses paid. It was then moved that the nomination be closed and the secretary ordered to cast a ballot for the entire slate. Moved and seconded and carried and so ordered. The secretary then cast the ballot for each of the nominees.

Mr. Hartz then offered the suggestion or the recommendation that our constitution and by-laws be reviewed by a committee of 3 to 5 and a report be made at the next annual convention. Mr. Benjamin Blumberg then moved and it was seconded that a committee of three be appointed to review the constitution and by-laws with recommendations or suggestions and report to the Executive Committee 60 days before the next annual convention. Motion carried.

Mr. Thompson then appointed Mr. H. H. Burrell, chairman of membership; Mr. Benjamin Blumberg, chairman of publicity and T. M. Kaufman, chairman of law committee.

The motion was then made that we adjourn. Motion seconded and so ordered.

R. F. HARTZ, *Secretary.*

SECRETARY'S REPORT

I submit herewith my report as secretary for the past year.

While there have been numerous activities during this time, that possibly might be included in this report, I am leaving them for the Chairmen of the various committees to which these activities have been referred,—namely legislative, publicity, and membership. However it is necessary for me to intrude upon the Chairman of Membership, in order to make the report on the present membership, and to give you accurately the number of new members taken in in the past year.

First during the year we have sold 58 copies of the survey, for a total of $313.50 with a large number of surveys still in hand. In addition to giving each member of the Indiana Association a copy gratus this amount has been collected, which will at least take care of 25% of the total expenses.

In reference to the roster published over a year ago, I am pleased to report a net profit for the Association with a large number of them still on hand and hardly a week goes by but what one or two are sold. The total amount sold to the present date is 397 copies, amounting to $397.00. The total expense for printing and distribution was $340.67 leaving us a net profit of $56.33, and each member of the Association has received a copy gratus, at no cost to the association.

It is my understanding that Mr. W. I. Marsh of Chicago is now publishing a roster of the Licensees, leather bound, and to be revised each year at the cost of $5 00 each with a charge not to exceed $1.00 a year for revision. If the Indiana Association had published this book at a loss it would have accomplished one purpose. It has interested one printing company to furnish these rosters in the future at a cost which any company can well afford and from my experience in compiling this roster the price which this company has placed on this is a very fair one.

I heartily recommend to the members that they show their survey to the attorney in their community, and attempt to sell him one or buy one for him, the cost

(Concluded on page 5.)

INTERESTING TALKS---

HELPFUL DISCUSSIONS---

LOTS OF FUN---

All these are in store for you at the

NATIONAL CONVENTION

At the Claypool Hotel, Indianapolis, Indiana

"The Crossroads of America"

SEPTEMBER 14, 15, 16

A Gathering You Can't Afford to Miss!

Arrange Your Vacation to Begin or End
So That You Can

BE THERE!

From now until the National Convention this page will be devoted to Convention News.
Watch for the next issue

SECRETARY'S REPORT

(Concluded from page 3.)

) the members being reduced to $3.00 per ›py. This coöperation will help to con- nue to reduce this expense.

In reference to the membership I am eased to report the follow.ng companies, ho have taken out memberships since ie last annual convention last May. hey number 29, which makes us a total embership of 138 with only two de- nquents and these for the current six onths.

We have accepted one resignation and ave suspended two for non-payment of ies. However one of the offices sus- ended was purchased by another corpo- tion and it is my understanding at the esent time that they are liquidating this mpany. I am sure that Indiana records r retaining their members will be hard excell.

Legal Loan Co., Bedford; Legal Loan ompany, Bloomington; Security Loan ompany, Clinton; Capitol Loan Com- ny, Columbus; Provident Loan Assn., ast Chicago, Ind.; Commercial Invest- ent Co., Ft. Wayne; J. B. Gordon Co., t. Wayne; A. L. Randall, Ft. Wayne; merican Security Co., Frankfort; Peo- es Loan Co., Franklin; Security Loan o., Goshen; Indiana Loan Co., Green- stle; Peoples Loan Company, Green- ld; Peoples Loan Company, Greensburg; rudential Securities Co., Indianapolis; ecurity Loan Co., Knox, Ind.; Leavell Bates, Lafayette; Mutual Loan & iscount Co., Logansport; Personal Fi- nce Co., Muncie; Southern Loan & vestment Co., Orleans; Welfare Loan ociety, Richmond; Security Loan Co., ockville; Peoples Loan Co., Rushville; eoples Loan Co., Shelbyville; Legal oan Co., South Bend; Welfare Loan ociety, South Bend; Security Loan Co., ullivan; Terre H. Am. Security Co., erre Haute; Security Loan Co., War- w.

Several bulletins have been published. specially one item which apparently has ad interesting results in the skip collec- on. I recall at least five skips which ave been located through this medium, nd if the companies have collected on ther of these accounts their dues have ost them nothing, because in every case e customer had moved into an entirely fferent locality.

Finally I want to thank our president nd the members of the Executive Com- ittee for their very fine coöperation with e as your secretary. Also, to the entire embership I extend my sincere thanks r their very fine coöperation and their romptness in remitting dues and answer- g all inquiries.

If each of us will put our shoulders to ie wheel during the balance of 1927 and e first months of 1928, and give to the hairman of membership our fullest co- eration, Indiana will rank first in mem- ership and it is right that it should ecause it is the pioneer state of the In- iana Uniform Loan Law.

MARYLAND

The annual meeting of the Maryland ndustrial Lenders Association, was called › order promptly at 8:00 o'clock p. m., n Wednesday, May 11th, by Vice-Chair- an Turner, Chairman Hood being ab- nt.

The reports of the standing committees ollow:

Annual Report of the Publicity Committee for 1927

To the Officers and Members:

Publicity has been obtained in Hagerstown, Cumberland, and Baltimore, during the past twelve months. This was brought about by your Chairman and Committee composed of lenders from every city and community throughout the State, where there is membership in the Association. Our policy was to prepare and advance news articles covering each meeting of the Association, giving the date, place of meeting, program and the object of the Association and its policies, and forward to each member of the Committee, who would immediately get the copy in the hands of the editor of the newspapers of their locality.

The personal contact of these members with their local newspapers, has brought about a more friendly association with the press and produced splendid results.

It is a pleasure to submit letters from the *Baltimore News* and *American* in which the above newspapers are convinced that our business is a necessary one and that we are rendering a service to the people who lack banking credit, and yet are entitled to such consideration. Personally the writer had the opportunity to meet the managers of the various departments of the newspaper companies, and was able to convince them that their papers should publish the news items which were beneficial to the people of this State.

At each meeting during the past year a report and newspaper copies were furnished the Association Members. Here, I want to commend Mr. Tyler, Mr. Turner, and Mr. Rice for their efficiency in covering the meetings of their respective cities. Every newspaper in Cumberland, Hagerstown and Baltimore with the exception of the *Baltimore Sun* published items pertaining to the Association meetings. We experienced some trouble with the *Baltimore Sun* in publishing news items and it was decided at one of the regular meetings that Mr. Howard Bryant would take up the matter with the *Baltimore Sun* about publishing the articles the Association thought should be there. Your Chairman did nothing further on this work and the Association is very well acquainted with the reports that Mr. Bryant rendered as to the progress he had made in order to secure publicity.

Invitations had been extended to the editors of the *Baltimore News and American*, and *Post*, to attend our banquet. It is too bad that your chairman was compelled to notify the above people that the banquet had been called off. However, we gave sufficient reason which met with their entire approval and at the same time they assured the writer that they would be happy to attend our banquet when we decided upon a definite date.

A summary of the publicity obtained to date of which we have received clippings, shows about 2,000 agate lines covering 3 cities. Clippings have been complied and are here submitted for your inspection and in substantiation of this summary.

In dealing with the press, your Committee has endeavored to submit facts and

Hon. Howard Bryant

To the general counsel of the Maryland Industrial Lenders Association we extend our hearty congratulations upon his reëlection to the presidency of the City Council of Baltimore by a handsome majority at the polls recently.

give truthful information about the growth and development of the small loan business, covering the progress of uplift that is being made through the organized coöperative efforts of the association.

Your Chairman realizes it has not always been easy for the members to get the support of the press in their locality and realizes it was only through personal contact on the part of the members, that results have been obtained. I desire to extend my sincere thanks and appreciation to each member of the Committee for their loyal support and coöperation throughout my term.

Respectfuly submitted by,
(Signed) GEORGE W. HOLDEN,
Chairman of the Publicity Com.

Too much credit cannot be given Mr. Holden, as Chairman of the Publicity Committee, for the excellent work he had done, and the friendly contact he has established among the local newspapers.

The treasurer, Mr. Baseman, rendered a complete report of his duties for the year; also informing us of a substantial balance in the bank.

Mr. Sutton, of the Vigilance Committee, reported that his committee had taken care of all matters referred to them in a manner satisfactory to the Association.

Mr. Bryant's report was also very satisfactory to the members of the Association.

With regard to the drafting of new By-Laws for the Association, E. F. Moore, Chairman of this Committee, reported that he expected to have a copy ready for the next meeting of the Association.

This same Mr. Moore very diplomatically verbally chastised the "powers-that-be" for their failure to successfully complete the plans for the annual banquet.

The matter of holding the annual banquet was referred to the action of the new Executive Committee.

The Personal Finance Company of Cumberland, and the Commercial Service and Credit Company of Hagerstown were elected to membership in the Association.

The Nominating Committee recommended the following member to act as officers for the ensuing year, and upon motion duly made and carried, they were elected to office:

Officers: C. A. Gardner, chairman; J. E. Turner, vice-chairman; E. M. Garron, secretary; Roy T. Baseman, treasurer.

Executive Committee: Howard T. Mattingly, chairman; E. Hougham, E. A. Potter, J. L. Hamburger, J. L. Rosenfield, Hon. Howard Bryant, general counsel.

There being no further business of importance, upon motion duly made and carried, the meeting adjourned at 10:20 o'clock p. m. J. L. ROSENFIELD, *Secretary.*

MISSOURI

An invitation has been sent out to all licensees operating in the State of Missouri under the newly enacted Uniform Small Loan Law, to meet at the Statler Hotel, St. Louis, June 7th, for the purpose of organizing a Missouri Industrial Lenders Association. Perhaps in our next issue we will have a full report to announce.

MICHIGAN

The semi-annual business meeting and banquet of The Michigan Industrial Lenders Association was held in Jackson, Michigan, Thursday, April 21, 1927, at the Hotel Hayes and was well attended there being about sixty-eight present.

Chairman, Norman Buckner, called the meeting to order at 10:45 a. m., and at noon a splendid luncheon was served at which time an address was delivered by the city manager of Jackson.

The program was well interspersed with interesting discussions on various phases of the loan business and a great deal of information was obtained from the answers to the question box.

A legislative committee was appointed for the ensuing year.

The banquet in the evening was attended by about one-hundred and sixty-five where a splendid entertainment was enjoyed by all. Among the speakers were former State Senator Burney E. Brower who assisted in passing the uniform law in Michigan and Rev. Spence, Pastor of Jackson M. E. Church who delivered a most eloquent address.

Among the out of state guests were George C. Grinsteiner, Indianapolis, Ind., Charles H. Watts, New York City, New York, and B. E. Henderson, Chicago, Ill.

The annual meeting will be held in Detroit, Thursday, October 21, 1927.

RALPH L. HAY.

VIRGINIA

The regular monthly meeting of the Richmond Managers, members of the Virginia Industrial Lenders Association was held on Thursday, May 12th, at 1 p. m., in the dining room of the Chamber of Commerce.

Members present were: Kidd, of the Central; Shillings, of the Beneficial; Gordon, of the Credit; Burnett, of the Virginia, and Emison, of the Citizens. Guests were Messrs. Caldwell and Shewmake.

The luncheon consisted of spring chicken, string beans, Irish potatoes, corn muffins, butter, rolls, and coffee, with apple dumpling for dessert.

Chairman Burnett stated that he had been approached by Mr. L. R. Travers, manager of the Merchants Protective Bureau, 308 Central National Bank Building and that Mr. Travers was very anxious to operate a Central Loan Exchange providing he could get all the loan companies in Richmond to go into this proposition, and that he would be willing to clear all names and furnish any and all credit information from his files for $10.00 per month. Mr. Burnett stated that he felt this was a very reasonable charge and that it would be a good thing as we could probably get the non-members of the exchange here to go into a central clearing house. After some discussion by the managers present it was decided that Mr. Burnett should see each manager of the local companies here personally between now and the next meeting, June 9th, and see how everybody felt about this matter. You will therefore between now and the 1st of June receive a personal call from Mr. Burnett on this subject.

The subject of uniform holidays and office hours for the Richmond offices was brought up by Mr. Emison. He said that it appeared that all the offices had a different set of holidays to observe and that he thought it would be a good idea to draw up a set of holiday dates which would be observed by all of the local offices in unison. In his opinion this would eliminate a lot of 'phone calls and other unnecessary confusion when a special holiday of some kind was designated by the Mayor or Governor. Mr. Gordon, of the Credit said he thought this was the right idea and we certainly should get together on this and the uniform office hours. Mr. Emison was appointed by the chair to interview the different managers personally between now and the next meeting regarding this feature.

Our guests, Judge Shewmake and Mr. Cardwell were very enthusiastic over the recent meeting held in Alexandria and their trip to Washington.

No skips were reported at this meeting but it is earnestly requested that each manager make a memorandum now to bring a list of his skips to the next meeting.

Mr. Edge reported to the secretary several days prior the meeting that he would be out of town and was very sorry that he would not be able too attend.

Mr. Pope called up and said that he was unavoidably detained at the last minute but would certainly be with us next month.

Mr. Reynolds also 'phoned and said that he was tied up in the Civil Justice Court and would be unable to get away in time to be with us.

Mr. Burnett read some correspondence from Roanoke regarding the case of the Dixie Small Loan Co., which was up for discussion at the quarterly session at Alexandria. The vital point in this case was a Judge in the court there had ruled that the acceleration clause in the Small Loan Note was not valid. The Dixie Small Loan Co., thereon took a nonsuit and brought the suit over in another court and before another judge. When the case came up for trial, the Lawyer for the defendant did not bring up this point and the Dixie Small Loan Co. was awarded judgment for the full remaining unpaid balance of the note.

Mr. Burton of Newport News wrote in enclosing a clipping from the local *Daily* there, containing some statements from Mr. Folkes, the Richmond delegate on the Small Loan Business and other matters which was referred to Mr. Shewmake.

Mr. Fenner of Norfolk also wrote regarding the coming Primaries to be held in Norfolk. This was referred to Messrs. Shewmake and Cardwell.

There being no further business, the meeting was adjourned until Thursday June 9th. H. S. EMISON, *Secretary.*

OHIO

Into my skip file has come some copies of correspondence which it seems to me should be typical of the character of service which members of the various State associations and the National association should be willing to render one to the other.

I sincerely hope that it is typical of the service that all of the Ohio members are willing to render and that here is an instance of it.

I would suggest that if you desire to publish those letters in the NEWS, that you speak of the account as the John Doe account, as I feel sure that there is no desire on the part of either writer to injure this man's credit, and I feel further that having been compelled to pay his account in full that he, the borrower, has been rendered a distinct service also. Nothing will make a dead-beat of a man quicker than making him feel that his obligations are something to be lightly esteemed.

Copies of the correspondence are enclosed herewith for that purpose if you desire the same.

THE SHAWNEE FINANCE CO.
round Floor, 120 West High St.,
Phone Main 2757
Lima, Ohio

May 14, 1927.

r. B. L. THUMA,
Columbus, Ohio.

EAR SIR:

We are in receipt of check in full of e John Doe account in your City and ish to thank you for your kindness in os.ng this account for us, if we had not id your assistance in this matter this ould sure have been a charge off.

Find enclosed our check for $26.83 hich represents 10% of the amount col-cted and trust you will accept same r your trouble.

Again thanking you and wishing you ntinued success we are,

Yours very truly,
THE SHAWNEE FINANCE CO.
(Signed) C. L. FREY, *Manager.*

May 20, 1927.

HAWNEE FINANCE CO.,
ima, Ohio.

ENTLEMEN:

We are pleased to return to you the eck for $26 83, this being a 10% com-ission on the collection of the Doe ac-unt, since your Company is a member f the Ohio Industrial Lenders Associa-on you are entitled to any collection rvice we can render you free of charge.

There are many benefits to be derived rom membership in the Ohio and Amer-an Association of Industrial Lenders id the handling of accounts which move rom you, is one of them.

We were pleased to furnish you this rvice, and if in the future you have any ccounts coming this way, we will be leased to handle them for you.

Yours truly,
THE CAPITAL LOAN CO.
B. L. THUMA, *Mgr.*

IN RE: THE OHIO CONVENTION

The regular Mid-Summer Convention f The Ohio Industrial Lenders Associ-tion will be held at the City of Cincin-ati on August 71 and 18, 1927, with eadquarters at the Gibson Hotel.

Mr. Clifford Felix, Manager of The Community Finance Service, Inc., and vho is also chairman of the Cincinnati ndustrial Lenders Association, has been ppointed by the Executive Board as gen-ral chairman of the arrangements for his meeting and empowered to appoint ll sub-committees. It was through the fforts of Mr. Felix and Mr. E. E. Beyer f the Cincinnati Collateral Loan Com-any, that Cincinnati secured this conven-ion, and the selection of the Board of Cincinnati has seemed to meet with the eneral approval of the members through-ut the State, as it is the first meeting that as ever been he'd in Cincinnati, and we eel sure that the boys of the Queen City of the West have dedicated them-elves to making this convention one of he outstanding in the history of the As-ociation.

One of the sessions will be held at Coney Island following a boat trip on the Ohio River.

Many interesting questions and sub-ects for discussion have been suggested for the convention, and at that time also we hope to stimulate the purpose of all members of the Ohio Association to at-end the National Convention at Indiana-polis the following month.

Yours very truly,
J. FRED ANDERSON, *Secretary.*

THOMPSON ON THE JOB

F. L. Thompson, chirman of the National Membership Committee has turned in the following new members during the past month. Add them to your Year Book directory.

Peoples State Loan Co., 405 Murphy Bldg., Highland Park, Mich.; Citizens Finance Co., 43 W. Long St., Columbus, Ohio; United Credit Corp., 408 Bidd Bldg., Macon, Ga.; Hart Loan Society, 725 Hamilton St., Allentown, Pa.; Hart Loan Society, 2714 Germantown Ave., Philadelphia, Pa.; Best Loan Co., 224 Central Savings & Tr. Bldg., Akron, Ohio; Geo. T. Durst, 107½ W. Main St., Muncie, Ind.; The Coöperative Industrial Finance Co., 750 Prospect Ave., Cleveland, O.; American Security Co., Winchester, Ind.; Portland Service Co., Cor. Main & Meridian Sts., Portland, Ind.; The Industrial Mortgage Co., 201 Everett Bldg., Akron, O.; Peoples Loan & Service Co., 126 Midland Ave., Garfield, N. J.; Mutual Loan Co., 218 Frances Bldg., Sioux City, Ia.; Norman Investment Co., N. E. cor. 12th St. & Girard Ave., Philadelphia, Pa.; Insurance Finance Corporation, 121 N. Broad St., Philadelphia, Pa.; Seaboard Security Co., 250 Peachtree Arcade, Atlanta, Ga.; Household Finance Corporation, 21 N. Queen St., Lancaster, Pa.; O. H. May Co., 201 Day Bldg., Knoxville, Tenn.; Southland Loan & Investment Co., 205 Forsyth Bldg., Atlanta, Ga.

PRESIDENT OF CORPORATION PERSONALLY LIABLE ON NOTE

The president of a corporation signed a note on behalf of the corporation, on which he intended the corporation alone to be liable. He signed it in the following form:

"Independent Mfg. Co.,
"B. I. Brownell, Pres."

It was held that the president was nevertheless personally liable. The president should have written the word "by" before his signature. Heffner v. Brownell.

DISCHARGING AN EMPLOYEE HIRED AT A MONTHLY OR YEARLY SALARY

At the time of hiring an employee nothing is said with reference to the duration of the employment. But it is agreed that he shall be paid so much a month, or a year.

During the month or the year, as the case may be, he is discharged. Is the employee entitled to be paid for his services up to the time of his dismissal only; or can he collect for the balance of the month, or the year?

As a general rule a hiring at so much a week, month or year, standing alone, creates no presumption that the hiring was for the period specified. The contract is one which can be terminated at any time by either party. Hagen v. Isko Corporation.

ARE YOU REQUIRED TO PROTECT YOUR CHECKS

Does the law require you to use a check writing machine or any of the other devices now on the market intended to prevent check alteration or forgery? Does the failure to take such precautions make you responsible in case one of your checks is raised or otherwise wrongfully altered?

A recent decision holds that a bank depositor is under no obligation to protect his checks by the use of the devices mentioned. If his check is fraudulently altered after leaving his hands it cannot be enforced against him, irrespective of whether the devices in question were employed in the preparation of the check. Savings Bank of Richmond v. National Bank of Goldsboro.

WOMEN BRIDGE FIENDS DRIVEN TO LOAN SHARKS

London, May 18.—The lure and fascination of bridge for women has recently sent many victims into the hands of money lenders.

One club manager says that there is a type of plausible rogue who frequents the mixed clubs. He is usually attractive and plays an expert game. He finds little difficulty in luring some women to play on until they get into such financial straits they are only too willing to borrow money to square up. Then the money lender appears and makes his "killing."—*Elizabeth Daily Journal, 5/18.*

ROCHESTER SKIPS

I recently wrote a letter to J. Fred Anderson, Secretary of Ohio Industrial Lenders Association for the name of a lender in Rochester, New York, to whom I could send an account for collection. He was unable to give me the name of any reliable company in Rochester but did find the name of F. A. Phillips of Rochester, New York, on the registration list of the last National Convention but had no address.

If it is not asking too much I would like very much for you to give me Mr. Phillips address or the name of a reliable company in Rochester that I could send this slow account to for collection. Thanking you for this favor I beg to remain,

Very truly yours,
K. E. RENCH,
Manager, Community Finance Service,
Dayton, O.

The National Secretary advised Mr. Rench as follows:

Dear Sir:

Answering your letter of May 26th, we are pleased to advise that the address of Mr. F. A. Phillips, is c/o The Provident Loan Society, 31 Exchange St., Rochester, N. Y. My understanding is that Mr. Phillips who is manager of the Provident Loan Society, will give you the same service as you might expect from any member of this organization, as my understanding is that a reciprocal relation exists between our organization and the members of the National Federation of Remedial Loan Associations. Please let me know later what luck you have with your account after Mr. Phillips has had a chance to work on it.

Very truly yours,
GEO. W. KEHR,
National Secretary.

CORPORATIONS

Powers. Finance. Power of Agency and Loan Corporation to Hold Stock of Other Corporations

This was a contest between opposing interests in a corporation as to the election of directors. Defendants had succeeded in electing certain directors by counting the votes of stock held by a securities

company which had been organized for the purpose of acquiring and holding the stock of defendants in the corporation. The charter of the securities company gave it every power which belonged to agency and loan corporations under the Illinois General Corporation Act and many other powers. The securities company had not received any certificate of authority to transact any business in the state. Plaintiff contended that the securities company belonged to the class of corporations known as agency and loan corporations which were by Section 9 of the Act prohibited from acquiring, or loaning money upon, the stock of any other corporation.

Held, that plaintiffs were entitled to relief, for the defendants' directors were not legally elected, as the securities company had no right to acquire the stock of the corporation. The securities company was excluded from such acquisition because it was an agency and loan corporation, and subject to the disability imposed under Section 9 of the act. It was against the public policy of the state that corporate stock should be acquired or held in pledge by corporations having the powers of agency and loan corporations. Held further, by additional opinion, that the fact that the securities company had no license to do business in the state did not relieve it of the aforesaid disabilities, within the meaning of the term "doing business" or "transacting business" as used in the statute regulating foreign corporations. The securities company had begun to function in this state and it did not therefore, give the public policy of the state an extra-territorial effect to apply to a foreign corporation thus entering the state the same rules which apply to domestic corporations. *Hall, et al. v. Wood, et al.* (39901) *Supreme Court of Illinois. Decided April 20, 1927.*

PEOPLE NEED MONEY IN SUMMER, TOO

N. A. Winter, *Des Moines, Iowa*

Does it pay for any Industrial Lender to give his plan for getting new business a "vacation" during the summer months? Some Companies are prone to think that this is the time of the year to assume that very little business can be obtained; consequently they ease up on their efforts.

I believe that we can take a lesson from the department stores. These people make some of their strongest efforts to get business during June, July and August. In fact many of them do some of their biggest business at this time of the year. They are not content to let the summer months eat up the profits that they make during the fall, winter and spring months. Let's take a look at other retail stores and we will find that people are spending their money for groceries, clothes, shoes, etc., in the summer time as well as any other time in the year. Here is the big lesson we can learn from such activity in the retail trade:

When People Spend Money—They Need Money

The expenses of the average family are just as heavy if not heavier during the summer months as at any other time of the year. First, their living expenses are just about as high because they have their rent, taxes, groceries and other things to take care of. In the second place most people go on vacations and that means extra expenses. I believe that if you will look around in your loaning territory you will find that the people to whom you ordinarily lend money need your service as much as ever. For that reason it seems that one of the most essential things that an Industrial Lender should do during June, July and August is to keep up his business-getting efforts.

Keep Up Your Advertising

Doesn't it logically follow then, that advertising such as in newspaper, direct-by-mail and house-to-house distribution of folders should be continued with very little let up at this time of the year? The business seems to be there; in fact it is there and I believe that you will get it if you go after it.

There are several advantages of advertising in the summer time especially by house-to-house distribution of folders. You will find that your weather conditions are more favorable and that your folders can be distributed at a lower cost. You will also find that if the right kind of advertising material is used your prospective customers will respond to your efforts as quickly as at any other time.

The business which makes the most money, whether it is that of the Industrial Lender, the retail store or that of the manufacturer, is that whose volume of sales is distributed over the twelve months of the year and not concentrated into a few of them. You have your same overhead expenses, and unless you make the profit you should during June, July and August you are setting a premium on your good months by making them take care of your poor months.

I think that this is an idea which every Industrial Lender should consider very seriously. It is extremely difficult to gain very much in the way of business by retrenchment. It takes money to make money and the Industrial Lender who is making money twelve months out of the year is the man who keeps up his advertising to a reasonable degree during the summer months.

PENNSYLVANIA

A meeting of the P. I. L. A. was held at the City Club, Phila., on Friday May 27, 1927, convening at 10:45 a. m.

In the absence of Chairman Webster, the meeting was called to order by Vice-Chairman Bachofer.

Reports of Officers

Treasurers Report

The treasurer, J. F. Devine, reported a substantial amount in bank after all bills were paid.

Upon motion of Mr. Hansche, seconded by Mr. Moss, the treasurer's report was acepted and ordered spread on the minutes.

Secretary's Report

Membership at last meeting	139
New members elected last meeting .	5
Total	144
Members suspended	2
Present membership	142
Members dues paid to date	141
Delinquent	1
Total	142

W. S. Herron, *Sec.*

Upon motion of Mr. Devine, seconded by Mr. Moss, the secretary's report was accepted and ordered spread on the minutes.

REPORTS OF COMMITTEES

Executive Committee

A meeting of the Executive Committe of the P. I. L. A. was held at the Cit Club, 313 S. Broad St., Phila., on Friday April 29, 1927, at 12:30 p. m.

Those in attendnace were Messrs. Webster, Herron, Devine, Hart, Moss, Bachofer and Watts. Messrs. E. F. Moor and William Young of Philadelphia wer present by invitation.

1. It was agreed that flowers be sen the wife of Mr. Ezekiel. Mrs. Ezekie is seriously ill.

2. It was agreed that the next meetin of the P. I. L. A. should be at the Cit Club, Phila., at 12:30 p. m., on Friday May 27, 1927. It was agreed that th suggestion be passed to the chairman o the Entertainment Committee, Gatter, tha the luncheon be held at this hour, that on speaker only be provided to speak no more than twenty minutes, and that th business meeting, without prepared papers follow immediately.

3. It was agreed that the annual meet ing be held on Thursday, November 10th at the Bellevue-Stratford Hotel, Phila delphia.

4. Chairman Webster advised the Com mittee that Mr. Gatter had been selecte chairman of the Entertainment Commit tee.

5. The matter of standard set-up de scribing our business for use in telephon book and newspaper advertising was re ferred back to members for suggestion a the next meeting.

6. No action was taken on the lette from Treasurer Devine, recommendin greater coöperation of members with Ex change bureaus.

7. The reported violation of the Sma Loan Law by the Schwartz Company 1001 Real Estate Trust Bldg., Phila was referred to the Banking Departmen through the secretary.

8. It was agreed that inasmuch as th loan reported by Attorney Donnelly o Liberty Trust Bldg., was in excess of th $300 limit under the Small Loan Law that no action be taken on the matte Similar action was taken on the loan mad by Attorney Steelman of the Stephe Girard Bldg. as reported by a member.

9. Mr. Moss reported the possibility o a law suit in which the P. I. L. A. migh be invited to participate in connection wit a contest in the matter of whether th financial statement signed by a borrowe at the time the loan was made can b regarded as a valid contract, the borrowe having recently attempted to enjoy bank ruptcy. The Executive Committee agree to furnish support if it goes beyond th referee in bankruptcy. Mr. Moss is t keep the committee advised.

10. It was agreed to recommend to th members that the committee approv in principal the desire of Chairma Thompson of the A. I. L. A. Membershi Committee that all members of Stat Associations shall automatically be mem bers of the National Association.

11. It was agreed that Messrs. Mos Chairman, Herron and Webster, shoul constitute a committee with power t employ for a period of three months o longer, a solcitor for the purpose of en couraging non-member licensees to tak membership in our State organizatio The salary suggested was $2,500. Th committee is to make further report at th next and subsequent meetings.

Charles H. Watts,
Chairman of the Executive Com.

Upon motion of Mr. Young, seconded by Mr. Moss, the Executive Committee report was accepted, ordered spread on the minutes and acted on in the regular course.

Upon motion of Mr. Hart and seconded by Mr. Mahoney, flowers were ordered sent to Mrs. Ezekiel.

PUBLICITY COMMITTEE

The Publicity Committe chairman, Mr. Moore, reported progress. Upon motion of Mr. Millard, seconded by Mr. Watts, the Publicity Committee report was accepted and ordered spread on the minutes.

Secretary Herron reported that all the Auto prosecution cases had now been disposed of in Philadelphia, and that the last one being prosecuted, after appealing for a new trial, had changed their plea, and pleaded guilty and had been fined $100 and costs. At this time Mr. Watts commended Secretary Herron for his vigorous attendance to these cases and upon motion made by Mr. Moss, seconded by Mr. Young, the report was accepted and ordered spread on the minutes.

MEMBERSHIP COMMITTEE

Chairman Moss reported progress. Upon motion of Mr. Watts, seconded by Mr. Hart, the membership committee report was accepted and ordered spread on the minutes.

ENTERTAINMENT COMMITTEE

Chariman Gatter reported that arrangements had been made to hold the annual meeting and banquet at the Bellevue-Stratford Hotel in Philadlelphia, on Nov. 10th.

Upon motion of Mr. Hart seconded by Mr. Dobyns, the Entertainment Committee report was accepted and ordered spread on the minutes.

Upon motion of Mr. Watts, seconded by Mr. Young, the next meeting of the P. I. L. A. is to be held at Reading during the week of July 17th, either the 20th or 21st being preferred This matter to be left in the hands of Mr. Bachofer.

SPECIAL COMMITTEE

Upon motion of Mr. Watts, seconded by Mr. Devine, the association approved of several headings submitted by Mr. Watts, for the newspapers, and it was left to the members of the various cities as to which they prefer to use.

Upon motion of Mr. Dobyns, seconded by Mr. Reichner, a committee composed of Mr. Moss, chairman, and Messrs. Devine and Moore, was appointed to contact the telephone company in reference to a suitable heading for our business.

At this time Chairman Webster having arrived, vice-chairman Bachofer turned over the duties to Mr. Webster.

Upon motion of Mr. Bachofer, seconded by Mr. Watts, the Attorney Committee composed of Messrs. Young and Herron be retained, with power to act when necessary.

UNFINISHED BUSINESS

Mr. Moss reported that there was no further report on the bankruptcy case.

Report on Section 11 of Executive Committee report:

Upon motion of Mr. Herron, seconded by Mr. Devine, the Association went on record as favoring in principle, the plan to take membership in both State and National bodies.

Upon motion of Mr. Gatter, seconded by Mr. Hart, section 11 of the Executive Committee report was approved.

Upon motion of Mr. Millard, seconded by Mr. Bachofer, the following applicants for membership were elected:

Popular Finance Corporation, 3636 N. Broad St., Phila.; Household Finance Corporation, Room 207 Woolworth Bldg., Lancaster; Hart Loan Society, 30 Davidow Bldg., Scranton; Penna. Cash Credit Corp., 13 S. Lansdowne Ave., Lansdowne.

At this time the meeting adjourned for luncheon, after which we were addressed by Mr. J. L. Faunce, who has spent twenty-eight summers doing welfare work with the Grenfels Expedition in Labrador. Mr. Faunce's talk was well received and most interesting and a vote of thanks was extended Mr. Faunce for taking the time to be with us.

After luncheon the meeting re-convened, and Mr. Watts called upon a former member of our body (and also a former National Chairman), Mr. E. P. East who spoke to us on the drive being made by the Hahneman Hospital, also Dr. Shellenberger of the staff of the same hospital.

Mr. Young spoke at this time mentioning the needs of the Mississippi River refugees.

Upon motion of Mr. Bachofer, seconded by Mr. Watts, the following donations were ordered paid:

Hahneman Hospital	$100.00
Mississippi River refugees	100.00
Grenfels Expedition	100.00

Upon motion of Mr. Watts, seconded by Mr. Moss, a rising vote of thanks was tendered Mr. Gatter for his efforts in arranging this meeting.

There being no further business to come before the Association, it was regularly moved and seconded that we adjourn.

W. S. HERRON, *Secretary.*

TENNESSEE

The regular semi-annual meeting of the Tennessee Industrial Lenders Association was held in the Peabody Hotel, Memphis, Tennessee, May 20, 1927. The meeting was called to order by Chairman G. B. Love, at 11 a. m. P. A. Hodge, of the Personal Finance Company of Nashville, was appointed temporary secretary in the absence of Secretary Rohm who was able to attend.

Minutes of last meeting were read and approved. Treasurer W. B. Richards' report which showed a substantial balance on hand was accepted as read. Chairman G. B. Love, at the request of Chas. H. Watts, gave a very interesting outline of the work done, by interested people, in behalf of the Small Loan Law at the recent session of the State Legislature.

On invitation of Publicity Committee of the American Industrial Lenders Association, to send delegate from Tennessee Industrial Lenders Association to National Convention, W. B. Richards of Richards Loan Company, Knoxville, was elected delegate. Addresses were given by Wm. Young, National Chairman, C. G. Liggett and Geo. S. Knapp. Meeting adjourned for luncheon, 12:30, at which a very interesting address was given by Mr. Kendall, President Memphis Credit Association.

Meeting reconvened at 2:15 p. m. Motion made by Mr. C. G. Liggett that chair appoint new vigilance committee carried, and the chair appointed as follows:

Chas. H. Watts, chairman; W. B. Richards, Knoxville; O. H. May, Knoxville; Manford, Lincoln Loan Company, Nashville; Frank, American Loan Company, Memphis; Mr. Humphrey, Personal Finance Company, Chattanooga.

Addresses were given Mr. Sidney Allenberg of Memphis, urging establishment of exchange bureau and by Chas. H. Watts, on policing the business and the duty of the State Association to the State Banking Officials for their spirit of understanding and their assistance in retaining the law in the recent session of the State Legislature.

The chairman was instructed to draw resolutions to the State Banking Examiner expressing the gratitude of the Association for his recent assistance and that the resolutions be spread on the minutes of the meeting and a copy of same be forwarded to State Bank Examiner.

Next meeting was voted to be held in Knoxville, Thursday, November 17, 1927. A rising vote of thanks was given Mr. Watts and Mr. Young for their attendance and aid in making the meeting a success.

After a general discussion there being no further business the meeting adjourned. A banquet and dance was held in the evening in the Italian Room of the Peabody Hotel, about 100 members and friends attending.

BALTIMORE

The Baltimore Industrial Lenders Credit Exchange Bureau held its regular monthly meeting in the Board Room, 22 Light Street, the evening of Thursday, May 12th, at 8 p. m.

Members present at the meeting were Messrs. R. T. Baseman and M. L. Henkel, Popular Finance Corporation; B. J. Letner, Guarantee Loan Company; Paul L. Lee and J. E. Turner, Community Finance Service, Incorporated; C. A. Gardner, Commercial Service and Credit Company; H. T. Mattingly, R. A. Long, and C. L. Smith, Master Loan Service; F. M. Ebert, Household Finance Corporation; Glenn S. Knapp, Beneficial Operative Bureau; G. W. Holden, Beneficial Loan Society; S. R. Sutton and R. J. Bishop, Atlas Loan Society.

Leo Scholz presided in the absence of the regular chairman, L. H. Pumphrey.

The report of our retiring secretary, E. M. Garren, was read by his substitute, and on motion duly seconded, was voted to be received with thanks and to be incorporated in the minutes of the Exchange. Mr. Garren's report follows:

May 12, 1927.

To the Chairman and Members:

The following is the annual report of the Baltimore Industrial Lenders Credit Exchange Bureau:

Our Bureau was reorganized Tuesday, April 13, 1926, with a membership of thirteen companies. To-day we have an organization of twenty-one members or nearly double the number we started with.

All of our meetings have been very well attended and a splendid spirit of coöperation has been shown by all of our members. When something of a helpful nature was brought up for discussion, our Chairman has always shown himself not only willing, but anxious for a full discussion by all of the membership, and a number of helpful things have been brought out at these discussions.

Before closing this report, I want to take this opportunity to thank the

officers, members, and out-of-town men for the splendid support and helpful suggestions that they have extended the Secretary during the past year, and to assure you all that it has been a pleasure to fill the above office during 1926 and 1927.

Sincerely,
E. M. GARREN, *Secretary.*

We regret to have lost Mr. Garren as our secretary, yet we find consolation in releasing him to a bigger service, that of the Maryland Industrial Lenders Association secretaryship, and we wish him all that is good.

Our treasurer, Ralph Baseman, made a very favorable report and was congratulated on his successful and creditable management of his office during the ending fiscal year.

Howard T. Mattingly reporting as chairman of the committee appointed to take up with Mr. Maidling the keeping of a record of recorded chattel mortgages, reported that Mr. Maidling gladly assented and would make arrangements to handle the extra work involved. Judging from controversy fostered by absentees of the meeting previous, it would not be at all surprising if the instructions to Mr. Maidling were rescinded.

There being no further business about which to report or discuss, nominations were declared to be in order.

Lee H. Pumphrey and Roy T. Baseman were reëlected to fill the offices of chairman and treasurer, respectively, and S. R. Sutton was elected to fill that of secretary, left vacant by E. M. Garren's election as Association secretary.

Mr. Pumphrey not being present at the meeting, the election of an Executive Committee remained in abeyance to his earliest convenience.

There being no further business, the meeting on motion duly made and seconded, was adjourned to September, subject to special call if and when necessary.

S. R. SUTTON, *Secretary.*

P. S. All chain organization offices who want their executive office furnished with copies of minutes of our meetings will kindly advise the secretary in writing of the name and address of the officer to whom copies should be sent.

SPECIAL MEETING

Lee H. Pumphrey, recently elected chairman of the Baltimore Industrial Lenders Exchange Bureau, having been unavoidably absent the meeting night of his election, it was necessary that he call a special meeting of his recently appointed Board of Governors. The meeting was called at noon Friday, May 20th, at Miller Brothers Restaurant, where after a very enjoyable luncheon, Mr. Pumphrey received acceptances of appointment and engaged in various discussions pertaining to exchange business.

Those accepting appointment to the Board of Governors were G. W. Holden, R. T. Baseman, J. E. Turner, C. A. Gardner, Leo Scholz, and G. F. Yeakle.

Of such great interest to all members was the discussion of a change in the exchange dues that it was decided to call a special meeting for the night of Thursday, June 9th, at 7:30 p. m. Kindly, therefore, be on hand with your suggestions.

There was also much discussion about the name of the exchange which it is thought, though clearly defining its purpose defeats itself in that it is too elongated and unwieldly. This too, was passed for discussion at the special meeting.

Keeping of record of nonmembers recorded chattel mortgages by the Exchange Bureau has been adjudged impracticable by Mr. Maidling, its manager, by reason of the absence of addresses along with the names in the Daily Record and the practice has been discontinued by Mr. Maidling until a means of getting more satisfactory information is found.

Mr. Maidling, through the chairman, reported for our information, and NOT as a complaint, that numerous "special" phone inquiries are being made of his office before 11 a. m. in the morning. For greater efficiency and earlier delivery of reports to all members it is suggested that special telephone inquiries not be made until after 11 a. m. except in emergency. However, it lays with the individual member to decide what constitutes an emergency.

There being no further business the meeting adjourned.

S. R. SUTTON, *Secretary.*

NOTICE

The monthly meeting of the Maryland Industrial Lenders Association will be held Tuesday evening, June 14th promptly at 8 o'clock P. M., in the Board room, No. 22 Light Street. As there are some very important matters to come before the members, it is urged that everyone be present at this meeting.

Our Chairman has suggested that the Ladies connected with our offices be invited to attend this meeting. We would appreciate it if you would advise the Secretary if the Young Lady from your office will attend so we will know how many we can expect.

Trusting to see a real turnout at this meeting, I am,

Cordially yours,
E. M. GARREN,
Secretary.

SPECIAL

The Hon. Charles M. Broun, Ex-Mayor of Roanoke, Va., will be the speaker at this meeting, and as Mr. Broun is a real live wire, you see the treat that is in store for you, so be present.

LEADING BANKERS SPONSOR "THRIFT BIRTHDAY PARTY"

The tenth anniversary of the National Thrift Movement which, this year, is attracting so much interest from bankers in every part of the country, will be formally brought to a climax on June 11th with a "thrift birthday party" to be held at the home of Adolph Lewisohn, Ardsley, New York. Many leaders in the financial world are expected to be present. E. C. Delafield, B. H. Fancher and Irving T. Bush are among those who are sponsoring the celebration.

The date, June 11th, marks the tenth anniversary of the actual day when the work of the National Thrift Committee first began. It also is the tenth milestone, in years, of Mr. Lewisohn's active participation as chairman of this enterprise.

Sociability and celebration will be the "key-note" of this affair according to announcements received. Business will have only a small part in the proceedings and there will be no financial solicitation. Mr. Lewisohn has long been anxious to meet, on more intimate terms with the men and women who have been his co-workers. His Westchester home will be thrown open to them on June 11th and it is expected that hundreds of thrift enthusiasts from every part of the country will be present. The assemblage will include leaders in the social, civic, religious and industrial life of the entire country.

One of the projects to be discussed, however, and one toward which bankers men will look forward with interest is the proposal for a thrift research bureau which will be submitted by Dr. Frederick Howe of Pratt Institute on behalf of a special committee of which Dr. B. Andrews is chairman.

"Education in thrift should no longer be an experiment," according to B. H. Fancher who has been much interested in this phase of the thrift endeavor. "The National Thrift Committee has had ten years of background. There is a wealth of source material and practical experience. All that is needed is the time and machinery to gather it into usable shape. If this were done we would have a real foundation upon which to base our future progress."

Another interesting feature will be a review of the Unit Plan; a new system of thrift education already under way. In it there is a banking section which was prepared under the helpful guidance of the American Bankers Association.

Mr. J. Robert Stout, prominent member of the National Thrift Committee and president of the Educational Thrift Service, New York City, is chairman of the "thrift birthday party" arrangements committee. Other members of the committee are: E. C. Delafield, B. H. Fancher, John Sherman Hoyt, B. Forbes, Haley Fiske, H. C. Richard, H. H. Westinghouse, Edwin Bird Wilson, Louis Wiley, Irving T. Bush.

COMMUNICATIONS

Dear Mr. Kehr:

I will appreciate it if, in the columns of the NEWS, you will kindly allow me space to thank the various State Secretaries who so kindly and promptly answered my recent request for information.

From the sixteen to whom I wrote I received eleven replies and to these eleven Secretaries I am, indeed, thankful.

Yours respectfully,
DANIEL J. WHOLEY,
Secretary, Constitution and By-Law Committee. Massachusetts I. L. Association

CHICAGO, June 2, 1927

The Secretary,
Am. Industrial Lenders Assoc.,
Harrisburg, Pa.
Dear Sir:

We would like to have the privilege of issuing a Special Travelers' Courtesy Card to members of your organization so they may rent an up-to-date, smooth running Buick, Hertz or Chevrolet from any of our 300 Stations.

It is possible for us to eliminate the usual investigation in issuing this card due only to the fact that the American Industrial Lenders Association is composed of a select list.

You will appreciate the value of this

ethod of issuing credentials, when I tell ou that over 100,000 business executives, ankers, Railroad officials and others ave submitted themselves to our regular redit investigation, in order to secure ese Travelers' Courtesy Cards.

It places our automobiles at the holder's stant service, without further identifiation or the customary deposit.

We are confident that your members ill appreciate this card and feel that ou are rendering them a genuine service. his was exactly the experience of Mr. . A. Cavenaugh, Secretary of the Illiois Commercial Men's Association, who ecently sent these cards to his several undred thousand members. He was litrally swamped with letters of appreciaon for placing this service at their comand.

This was the first time in the history f the I. C. M. A. that Mr. Cavenaugh as ever mailed out anything of this naire to his members, but he was prompted o do so by the firm conviction that he as giving them something of a definite alue. He knew that he could depend on ie reputation of an institution backed y the resources of the Yellow Truck & oach Manufacturing Co., a subsidiary f the General Motors Corporation. A opy of his letter to his members is enlosed.

Our suggestion is to send these cards o your members in a letter on your own tationery and bearing your signature, in manner similar to that used by the I. C. M. A. Your members will incur no exense or obligation in accepting this card.

On the contrary they will find it very onvenient to have our 10,000 cars at heir command.

Of course we will pay all expenses in onnection with this work—material, abor and postage. If you prefer, we will end our man to your headquarters to upervise the addressing and mailing, so hat you may not be subjected to any rouble or inconvenience.

I would appreciate hearing from you, nd if you think it advisable, I will be lad to see you at any time most conenient for you.

Yours very truly,

M. Reynolds,

Sales Promotion Manager, Hertz Drive-Ur-Self Stations.

[If any member is interested in the above, lease notify G. W. Kehr, Box 778, Harrisurg, Pa.]

FAIRER SAILING AHEAD

Clouds Which Have Darkened the Prospects for Certain Industries and Localities Are Bound to Move Along —Already There Are Indications of Clearing Skies.

By Archer Wall Douglas

In coöperation with the Research Staff of LaSalle Extension University

When the economic history of the present period comes to be written, the historian will be confronted with many perplexities. The year 1919 and the first half of 1920 were a boom period, easily identified as such. Then came general depression, succeeded by quick and persistent recovery for many lines, slower but no less healthy growth for others,

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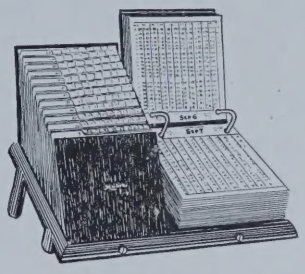

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AT a glance the TIME FINDER gives you total elapsed days and with one simple movement the INTEREST CALCULATOR shows a pre-calculated and verified interest answer. ALL IN LESS THAN TWO SECONDS' TIME. No amounts to add. Many of the offices now equipped with our calculators are also purchasing this new combination complete as additional equipment. There are many uses for more than one calculator. Price complete $80.

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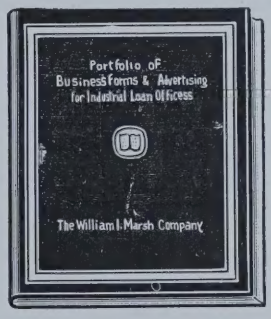

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MEETING SCHEDULE

MARYLAND—Baltimore, June 14.

MAINE—Portland, June.

NEW JERSEY—Asbury Park, June.

WEST VIRGINIA—Charleston, June 23d.

FLORIDA—Tampa, June 24.

PENNSYLVANIA—Reading, July 20.

VIRGINIA—Norfolk, July.

ILLINOIS—Chicago, July 28.

INDIANA — Indianapolis, Claypool Hotel, September 14, 15, 16. National Convention.

MICHIGAN—Detroit, October 21.

and frequent upturns and setbacks for others.

WEAK SPOTS AMID GENERAL STRENGTH

The years 1925 and 1926 saw general business activities reach new high levels in volume and aggregate profits, despite the presence of weak spots here and there. In recent years, people have had more money to spend than ever before; production facilities are greater to-day than at any time in the past; and our population is steadily growing. Plenty of money is available to borrowers at low rates.

Yet business men are proceeding warily, and many view with considerable concern the present state of agriculture, of the automobile field, of the coal trade, of the packing business, and of the oil industry—and they ask how long we can continue to go forward with these important units lagging.

Moreover, competition in many lines is drawing profit margins thinner and thinner, and interesting observations are being made that our impressive grand total of industrial earnings is due in major part to the profits of a few of the largest corporations.

Yet the fact remains that in those periods which are neither excessively prosperous nor exceedingly bad, there are always bright spots and dark spots—and these spots are constantly shifting. They may cloud one industry or one locality for a time, but later they move over another.

There is no use shutting our eyes to unpleasant conditions; neither is there anything to be gained by being unduly pessimistic. Business is moving forward to-day; we shall, in time, iron out the present wrinkles, and even though new ones appear, we shall continue to move forward.

Right now, when the clouds seem particularly dark over certain regions and certain industries, conditions are developing that forecast turns for the better. Sometimes we seem to need a terrible disaster to wake us up to our responsibilities. The devastating floods in the Mississippi basin may yet result in lasting benefits far overshadowing their toll in losses.—*Business Bulletin, LaSalle Extension University.*

Promotions?—33%
Salary Increases?—51%

Within the last six months, 33% of the graduates of the Institute have received promotions. In addition 51% have received salary increases.

Assistant managers have been promoted to managers, and managers promoted to supervisory positions. In many cases, salary increases have been granted where promotions were forthcoming but not immediately possible.

At this time of the year when schools and universities are pouring out their graduates, the above *facts* are doubly interesting to wide-awake loan men. Graduation dreams of worldly success too often fade and die once the practical world is encountered. But cold figures—33% and 51%—are facts which stand as undeniable proof of the practical worth of being a student and a graduate of the Industrial Lenders Technical Institute.

The Institute is a source of loan ideas, of loan training. If you are ambitious, if you are progressive, if you are interested in yourself—send for information.

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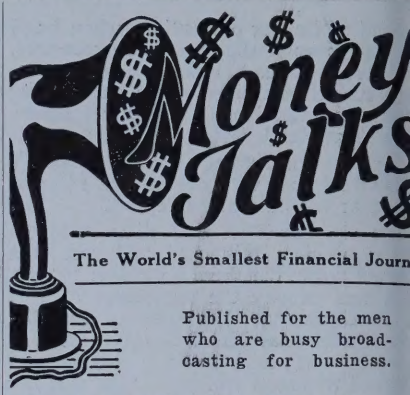

Published for the men who are busy broadcasting for business.

BRIDES AND BROOMS

Needles & Pins, Needles & Pins,
When a man gets married,
His trouble begins.

Yes, June is the month of Brides, Ros and Rolling Pins.

That's why Declaration of Indepen ence was signed in July.

Breathes there a husband
with spirit, dead
Who never to himself has said
When single, my bank account was ni and black
But now, alack, alas, alack,
It's very, very, very red!

Verily so, the month of June creat more loan prospects than any other.

Judging from the way they shoot 'e in some parts of the country it's also good month for the undertakers.

An Ode to a Husband
Roses are red; violets are blue;
Orange blossoms for me—a lily for yo

An optimist is a man who lets his wi know that his life is insured.

There ought to be a law!
We ought to have a closed season husbands.

What are we coming to?
If you've read this much, perhaps you read the next paragraph.

My name is Winter—
W-I-N-T-E-R

It is my pleasure to furnish advertisi ideas, material and what-have-you to I dustrial Lenders of the U. S. A.

And I get almost as much fun, writi this column for the I. L. N.
The trouble is, I must pay for the pri ilege.

One of these days you will get a lett from me, giving you samples, prices a the urge to buy.

If you order something, *you* pay *m* then. That's the main difference.

I hope you will give me a chance collect.

A. R. Winter

N. A. WINTER
Industrial Lenders Advertising Helps
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INDUSTRIAL LENDERS NEWS

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Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

ol. XII, No. 1. JULY, 1927. Price, $1.00 a year.

Relationship Between Personal Want and Crime

ddress by the Hon. Charles M. Broun, Former Mayor of Roanoke, Va., and Commonwealth Attorney for the Northern District of Virginia, Before the Maryland Industrial Lenders Association, at Baltimore, June 14, 1927

r. Chairman, Ladies and Gentlemen of the Association:

I experienced a real thrill recently nen I opened a letter addressed to me your honorable chairman inviting me address your association on the subject Relationship Between Personal Want d Crime." As this subject seems to ke in considerable territory and to be wide latitude, I trust you will pardon e if I am presumptuous enough to at-npt to limit its meaning.

For instance, it was not clear on the ce of it whether the chairman person-y wants to commit some crime, whether has committed a crime, or whether at me point in the dim future he intends commit a crime, and use this speech mine to camouflage the issue.

Then, again maybe he has dug into my vn past and is trying to discover my ssible reasons for committing this or ing that.

Possibly he refers to something that rtains to the general public and assum-g that it will be all right for me to scuss the subject as a public issue, I ll save him from any intimate inquiries o his own past, and at the same time dge the issue of mine.

After many years spent in public serv-e and being actively engaged in the actice of law, I have come to the con-usion that practically all petty crimes d most of the major ones fall under e meaning of the subject assigned me, by "personal want" you mean "desire." of course, except the class of crimes at spring from the passions, such as venge, insane emotion, lust, degeneracy d so forth.

I am one of those who refuse to become cited about the so-called crime wave. ith the exceptions noted, since prac-ally every crime is the product of ra-nal desire, anyone by taking a little ought must come to the conclusion that sires have increased and are increasing thousand times faster than the crime ts. Our crime list to-day is the product the multiplicity of desires born in the easts of our citizens by reason of the finite intricacies of our civilization and r present mode of living. If to-day ere are ten thousand new inventions, mediately there are born in the minds our citizens a hundred thousand desires enjoy them. The repression of these desires produces covetousness, covetousness produces the determination to possess, the determination to possess induces the question of ways and means, and when all these have reached a certain climax, possession is gained by lawful or unlawful means and the crime appears.

I suppose I have reviewed five thousand cases of so-called crimes, and have disposed of the same either as prosecutor, defender, or as judge and it was constantly a marvel to me as to the small amount of timely relief or the little bit of human attention that would have stopped these crimes from their commission and would have kept the perpetrators still upon the roll of good citizenship, rather than those of the criminal.

During all these years, I, of course, was in ignorance of the relief that was being made possible, was in ignorance of the public service being rendered, and knew nothing of the scope and purposes of what is now known as The Industrial Lenders of America. You are making good citizens. You are preventing crime by providing the necessary means for the average citizen to satisfy his ordinary desires. Usually the satisfied man is fairly comfortable. The comfortable man rarely if ever becomes a criminal within the limits of my subject.

My attention was first drawn to your great organization through the reading of a number of pamphlets written by Mr. V. W. B. Hedgepeth, for many years connected with the public schools and the colleges of this country, and always a student of economic conditions; and secondly by my being approached at about that time to become counsel for a certain large money-loaning or salary purchasing organization. In fact, for a brief period I did act for it in a few cases as counsel and because of my reading and of my study of the cases put into my hands I naturally gained a very considerable knowledge of the scope and the theory of modern money-lending, and from that time on have been endeavoring to improve my education.

During my explorations into this heretofore, to me, undiscovered phase of our modern life I discovered two great forces that are moving as irresistibly and as quietly through our national life as the great rivers move toward the sea. These two forces may be better understood from a study of the modern real estate or home building systems as exemplified by the organized realtors, and a study of the home protecting systems as exemplified by the modern industrial money lenders.

The man who is modernly known as a realtor was anciently classed as a plain real estate agent or land shark. He pursued his vocation with the sole idea of buying something as cheaply as he could, and selling it for all he could get for it. The old theory was selfish; the business was unorganized and seldom produced any general good, and little good to anyone except the seller.

To-day, a careful study is made of the business possibilities of the city or the town. An estimate is carefully prepared covering the possible industrial expansion of the next period of years. Another study is made of the added housing requirements, suitable tracts of land are selected, houses are built, a reasonable profit is fixed and homes are provided systematically under a plan whereby the purchaser can secure absolute ownership of his own home together with all modern comforts on a monthly payment plan which is less than the average man had formerly paid out in rents.

Now the great point about this is that the home owner is never a home destroyer. Men who own houses do not burn them. Instead of fighting organized society, the men who own homes will fight for them with their lives.

I suppose Baltimore is the finest example of home-owners' city in our whole country. It is also noticeable that it is free from strikes, from riots, from mob violence, and has an extremely low crime level.

I care little to what causes others may attribute this almost ideal living condition, but I say to you that the greater part of these fine conditions are produced from the modern conception of scientific home building and home purchasing and that the realtors as a class constitute one of the greatest moving forces in our entire country for the limitation and destruction of anarchy, communism, unrest and mob violence.

Now a home is useless unless the owner has the power to protect it, or unless he has within convenient reach the means of securing this protection. The protection of the home involves all those things per-

INDUSTRIAL LENDERS NEWS

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Items intended for publication should be addressed to G. W. Kehr, Box 778, Harrisburg, Pa.

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Treasurer, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

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Tenn.—A. Rohm, 204 Mercantile Bldg., Knoxville.
Va.—H. M. Fenner, 201 New Monroe Bldg., Norfolk.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

taining to the cost of food, heat, light, clothing, taxes, sickness and personal comforts.

In the olden days the home owner went to the bank for his little needs. To-day, less than 20 out of every 100 people of this country have access to the banks. The banks have moved away from the personal needs and are satisfying the business needs of the country.

This lack of personal banking facilities naturally produced the old fashioned money-lender, who like the ancient real estate agent sold his money for all he could get and was therefore properly classed along with the sharks.

To-day the business of home protection and realization of personal comfort is treated in a scientific manner.

Groups of men have made just as careful a study of home protection as the realtors have of home building, with the result that there are now more than two thousand legalized and licensed societies operating under the several state banking departments, carefully and closely scrutinized by the examiners, scattered over 33 states and operating in five hundred cities, who at a small profit and at a known cost to the borrower go about the business of home protecting in a scientific, decent and dignified manner.

Home ownership and personal comfort are the two things to be achieved before there can be any reasonable hope for a lasting orderly citizenship.

In this contribution to public economy and peaceful national days, the modern industrial money lenders have quietly assumed their places as the legitimate personal bankers to the great masses of our people.

Now my friends, in concluding I wish to tell you that I want you to take no backward step and if you are ambitious enough to finally assume your complete place in the economies of this country. I wish both to warn and to admonish you.

To warn you against the politician. As long as legislatures convene just so long will the self-seeking, self-advertising politician stick up his head to let out a roar for the plain people, not with any intention of benefiting their cause, but to attract attention to himself and confound the issue by the noise.

By politician, I do not mean a statesman. I do not mean a student of public economy. I mean that peculiar class that is best described by the old story. "Mother and father and Uncle Jake were very much concerned about the future of their son who had then arrived at the ripe age of about three years. Father was a preacher, mother was inclined toward farming, and Uncle Jake had an eye to business. They put an apple on the family Bible and a dollar bill on the kitchen table and put the young hopeful in his high chair, seated him at the table and left the room. Father said "If my young son is looking at the pictures in the Bible I will train him up to be a preacher." Mother said "If we find him nibbling at the apple, I will train him to be a farmer." Uncle Jake did not say anything. By and by they re-entered the room and found the kid sitting on the Bible, the apple in his left hand and the ten dollar bill in the other. Mother and father both exclaimed in dismay "What in the world does this mean?" Uncle Jake, with a sly look, promptly said "He will be neither a preacher nor a farmer, but by golly he is just a natural born politician."

Having warned you against the politician and his wiles, I now admonish you to be always prepared. I cannot tell you what kind of preparation you should arrange. No man knows how a politician works. I can only admonish you to be prepared in every way against the peculiar poison that the politician uses. This may be illustrated by the experience of Uncle Si Higgins who lived up in the mountains close to my boyhood home. Uncle Si lived in the woods a good deal and kept his snake bite likker in a hollow log. About four or twelve times a day it was customary for him to visit the log and let some of the snake bite trickle down his thirsty throat. One afternoon after about the third swig on the seventh trip, as he was looking up into the sky he felt something cold and wiggly on his left bare foot. Looking down he beheld a monstrous rattle snake of the most dangerous type. He took one look at the bottle and another look at the snake and said "Strike, damn you, strike I reckon I'm as much prepared at this minute as I ever will be." My admonition to you is to be prepared every minute, choosing your own brand.

Not long since I was invited to look over the loan lists of one of the members of your organization and surprising I found that your borrowers represent every trade, profession, or occupation known to mankind, and that their reasons for borrowing were to pay small obligations incurred in the satisfaction of some real personal and vital need, covering the payments of bills from every body from the grocer to the undertaker, but nearly always incurred because of something connected with home life, rather than business life.

I then looked back over my own experience with the so-called criminal class and was forced to admit that 90% of this crime would never have existed if the perpetrators had had access to the assistance, advice and admonition of your honorable societies.

Ladies and gentlemen of the association I take off my hat to you.

MARYLAND

The June meeting of the Maryland Industrial Lenders Association was held in the Board Room, No. 22 Light Street, Tuesday evening, June 14th. The meeting was called to order by the chairman Mr. C. A. Gardner, at 8:20 p. m.

There were 23 offices represented at this meeting. A number of the officers were not only represented by the men but the young ladies as well. Mr. Gardner assured the ladies that it was a pleasure to have them with us. and that he hoped that they would often favor us with their presence.

As all of the committees are not completed there were some that had no report to make at this meeting.

Mr. Holden, chairman of the Publicity Committee. reported that he had been successful in having 270 lines of publicity in the newspapers.

Mr. Rosenfield, Chairman of Vigilance Committee, reported progress.

Mr. Bryant, chairman of the Law Committee. reported that the commitee had decided to wait until after the Indianapolis meeting before making any changes in the By-Laws.

Mr. E. F. Moore raised the question of special heading in the newspapers for our advertisements. Upon motion duly seconded this matter was turned over

ıe chairman of the Publicity Committee, ıth authority to take the matter up with ıe newspapers, and make whatever ıanges were necessary.

The secretary presented the name of ıe Guarantee Loan Company, for mem-ership in the Association. On motion ıly made and seconded, this company ıas welcomed to membership in the As-ɔciation.

The chairman then introduced the Hon. harles M. Broun, ex-mayor of Roanoke, a., and former Commonwealth Attorney ɔr the Northern District of Virginia, ho delivered the interesting address ıblished elsewhere in this issue.

At the close of the address a vote of ɔpreciation was extended to Mr. Broun.

There being no further business, we all djourned to the rear room where each the ladies was presented with a favor, ıd we all partook of refreshments.

E. M. Garren, *Secretary.*

MISSISSIPPI FLOOD RELIEF CONTRIBUTIONS

In addition to the $500 contributed by ıe American Industrial Lenders Associ-tion, and $100 by the Indiana and Penn-ɔlvania Associations, along with other ɔntributions made by State Associations nd individual members, we are pleased ɔ announce that the National Cash redit Corporation contributed through ıe National Secretary's office during the ast month, $250 to the American Red ross Fund for the Relief of the Missis-ɔpi Flood sufferers. Any others who esire to contribute in the same manner ıay be assured that their contributions ɔill be promptly turned over to the ımerican Red Cross authorities and will erve to alleviate a serious situation in ıat part of the country afflicted.

Other contributions received during the ıonth—Conservative Credit System, Inc., ew York, $10.

GRAND JURY PRESENTMENTS

March-April Spring Term, 1927

o the Honorable Judge of the Superior Court of Fulton County, Ga.:

MONEY LENDERS

The spring term of 1926 gave careful onsideration to a certain class of money enders, and we quote a part of their eport:

"Upon complaint being made to us that ı certain class of money lenders were ɔperating contrary to the law, we made ı thorough investigation of this class of ɔusiness. In its deliberation, the Grand ury heard representatives of employers ınd employees, and has moved to un-ualifiedly denounce the business of salary ɔuying as generally conducted in the City ɔf Atlanta and in Fulton County. It is onvincingly evident that this community s the headquarters for the operation of well-to-do money lenders; who, through paid agents operate over the United States, and have given the City of Atlanta much notoriety by their obvious disregard of law, incident to the methods of their business."

The March Grand Jury is confident that its successors would do well to make it a matter of routine to question officials charged with the duty of licensing and inspecting money lenders. There is noth-ing more important than the observation in this respect of their full duty by public officials; inasmuch as small money lending operations affect wage earners of the poorer classes who, from necessity, are borrowers and in poor position to protect themselves against unscrupulous lenders and unfair contracts.

In connection with its actions in regard to money lending, the Grand Jury found nothing unfair or unethical in the conduct of such business by those companies licensed through the State Department of Banking of Georgia. It does recommend, however, to the officials of such Department that inspections of these companies

(Concluded on page 5.)

MISSOURI

A meeting was held for the purpose of forming the Missouri Industrial Lenders Association in the Daniel Boone Room of the Statler Hotel, St. Louis, Missouri, June 7, 1927, which was attended by:

Name	*Title*	*Company*	*Address*
B. Henderson	Asst. Manager	Household Finance Corp.	Chicago
D. S. Harbison		Household Finance Corp.	Chicago
C. H. Watts	President	Beneficial Operating Bur.	468 Fourth Ave., N. Y. City
E. R. Klein	W. Supervisor	Beneficial Operating Bur.	163 W. Washington, Chicago
V. G. Wise	Loan Manager	Beneficial Operating Bur.	
J. H. Aufderheide	Fresident	Metro Loan Company	Indianapolis, Ind.
R. C. Aufderheide	Vice-President	Metro Loan Company	Indianapolis, Ind.
R. F. Hartz	President	American Loan Company	347 Bankers Trust Bldg., Ind
W. P. Woll	President	Popular Finance Corp.	360 N. Michigan, Chicago
F. L. Thompson		Thompson Loan Co.	Shelbyville, Ind.
Harry Palmer	Owner	Hughes Palmer & Co.	119 N. 7th St., St. Louis
R. E. Hughes	Owner	Hughes Palmer & Co.	119 N. 7th St., St. Louis
T. P. Slider	President	Fulton Loan Society	704 Olive St., St. Louis
J. H. Vallak	Secretary	Yablem Finance Corp.	1035 N. Grand Blvd., St. Louis
R. L. McWhite		Home Finance Service, Inc.	507 Lauderman Bldg., St. Louis
L. Miller	Manager	Home Finance Service, Inc.	507 Lauderman Bldg., St. Louis
C. G. Hardeman	Secy. Treas.	Service Purchasing Co.	211 N. 7th St., St. Louis
J. H. Greise	Manager	American Brokerage Co.	611 Equitable Bldg., St. Louis
Geo. Bromeyer			705 Olive St., St. Louis
C. L. Pine	Owner	C. L. Pine Company	Mason City, Knoxville, Iowa
J. H. Lyman	Manager	C. L. Pine Company	Mason City, Iowa
M. G. Stokes	Superintendent	Mayflower Loan Company	309 Meyer-Kiser, Indianapolis
E. B. Meidner,	Treasurer	Mortgage Finance Corp.	2901 Olive St., St. Louis
David Lichtenstein	President	Mortgage Finance Corp.	2901 Olive St., St. Louis
J. M. Carney	Asst. Manager	Employees Finance Co.	202 Commercial Bldg., St. Louis
R. E. Hallett	Manager	Employees Finance Co.	202 Commercial Bldg., St. Louis
D. Berenstein	President	Merchants Securities Corp.	612 Interna'l Life B., St. Louis
S. B. Spitzer	Treasurer	Merchants Securities Corp.	612 Interna'l Life B., St. Louis
D. L. Cleveland	Manager-Owner	The American	377 Arcade Bldg., St. Louis
S. A. Anderson	Owner	Mutual Finance Co.	207 Victoria Bldg., St. Louis
E. H. Gerst	Owner	Mound City Loan Co.	427 Victoria Bldg., St. Louis
Josephine Reno	Manager	Ideal Cred.t & Finance Co.	405 Victoria Bldg., St. Louis
Madge Sothorn	President-Owner	Ideal Cred.t & Finance Co.	405 Victoria Bldg., St. Louis
C. W. Brenizer	Manager	Coöperative Loan Co.	203 N. 10th St., St. Louis
J. Archshoefer			825 Chestnut St., St. Louis
Ancel A. Skaggs			825 Chestnut St., St. Louis

By unanimous vote B. E. Henderson, Assistant Manager of the Household Finance Corporation, Chicago, was chosen as temporary chairman and E. R. Klein, supervisor, Beneficial Operating Bureau, Chicago, temporary secretary.

Mr. Henderson outlined the purpose of the meeting called, after which C. H. Watts, president of the Beneficial Operating Bureau, New York, spoke to the group, outlining various reasons why the Missouri Lenders should take out a license as well as why a State Association should be organized and the importance of the association to each member in the state.

After Mr. Watts' address, J. H. Aufderheide, president of the Metro Loan Company, Indianapolis; Mr. F. L. Thompson, of Shelbyville, Indiana; W. P. Woll, of Popular Finance Corporation; Mr. Roy Hartz, of Indianapolis all spoke of the many advantages of the legal rate business in Missouri as well as the benefits derived from the State Association, after which a general discussion was entered into. At first the feeling among the local lenders was a fear of being put out of business.

Harry Palmer, a local lender who also has a wide experience in the legal rate field assured them that instead of being put out of business they could derive not only much more, but a cleaner and better business. Mr. Palmer also illustrated that his offices showed a better financial return in the legal rate business than that of his high rate office which impressed the local lenders.

Mr. Stein, of the Commercial Rating Company, addressed the meeting representing over 100 financial companies in St. Louis and spoke to the members present on the value of his organization to the members of the association.

In order to coöperate with S. L. Cantley, Commissioner of Finance, motion was made and carried that all inquiries locally should be placed before Mr. Harry Palmer, 119 N. 7th Street, St. Louis, and out of town representatives to E. R. Klein, 163 W. Washington Street, Chicago, who will endeavor to answer any and all questions pertaining to the law as well as other points in connection with operating in the state.

The secretary was appointed to act as the Membership Committee, pending the regular election.

The meeting was very well attended and all members much interested in the address and discussions. There was some discussion as to what would be the proper date to open offices and it has been definitely agreed that July 6th is the proper date.

Upon motion duly made and seconded, the meeting was adjourned to re-convene in the same room August 25th, at which time a permanent organization will be formed.

It is urged that all licensees of the state mark this date on their calendar and be present to cast their vote as well as take part in the formation of what seems to be the beginning of the most successful state organization.

E. R. Klein, *Acting Secretary.*

Indianapolis
Ideal City for National Convention

In selecting Indianapolis, Indiana as the place for the 1927 National Convention, the Cleveland meeting made a particularly happy choice. As a convention city Indianapolis has long enjoyed an enviable reputation. This is accounted for by many features, not the least of which is accessibility.

As the largest inland railroad center in the world, Indianapolis is easily reached from all parts of the Union. A perfect network of steam lines radiates from the city. Add to this the numerous electric lines. Indianapolis has a very large interurban station, into which pours an amazing amount of electric line traffic.

A city of lovely homes, the Hoosier Capital impresses the visitor with its cleanly beauty. Spacious parks, winding boulevards, shaded streets—these are some of the elements which rank Indianapolis among our most beautiful cities.

We all know what it is to go to a strange city and find prices out of sight. That is another thing about this year's convention—you will find a pleasantly reasonable price range wherever you go. Food, amusement, hotels, and other lines are lower in Indiana than in most places.

And then, of course, there is that intangible something about the Hoosiers which we all love. They have the ability to make you feel at home; they are "just folks" who seem to welcome you to their midst with a genuine hospitality rarely found. You have read and heard a lot about Southern hospitality. It is there, all right, but it has nothing on the Indiana brand.

This spirit of welcome is felt most keenly right now by the Indiana Industrial Lenders Association. They are proud that they have been chose to play host to the National Body this year, ar they are leaving no stone unturned to make this th greatest National Convention ever held. Elabora arrangements are under way for a highly succes ful program, which we hope to be able to announ in detail in the August issue. Besides this, the I diana group is preparing for a record-breaking thron by making arrangements for suitable accommodatio and for entertainment when the conventi is not in session.

They have adopted a slogan, these I

The Claypool Hotel, Where the Convention Will Be Held

The Nationally Famous Soldiers' and Sailors' Monument at Indianapolis

diana boys, whi we think is good one. Y know how t ebony gentlem talks to the bon when he wants seven or eleve He breathes his hand, grun snaps his finge and shouts, " there!" That what our Hoos hosts are cryi with no uncert sound, and a one who fails heed them is g ing to miss o of the real hi lights of his reer, just ma that!

GRAND JURY PRESENTMENTS

(Concluded from page 3.)

nd of companies doing similar business, e most rigorous, and that such companies be rated in order as to their fficiency in compliance with the regulaions of law as to the keeping of records nd rendering of accountability.

The Grand Jury is unanimous in its onclusions that the Small Loan laws are air in their operation; liberal in the rate f interest allowed to money lenders, and rge unremitting prosecution by State, County and City officials of any persons r companies attempting directly or inirectly to evade the requirements of the ame.

We believe that conditions generally are etter, due to the activity of the Legal Aid Society under Mr. Jas. L. R. Boyd. n the opinion of this Jury, we believe hat conservative handling, with justice o lender and borrower alike, conditions vill be greatly improved.—*Fulton County Daily Reporter, Atlanta, Ga., May 2, 1927.*

AN UNSOLICITED LETTER FROM A SATISFIED CUSTOMER

LYNCHBURG, VA., April 18, 1927.

The Federal Security Company,
Wall Building,
Lynchburg, Va.

ATTENTION MR. HILLSMAN

Dear Mr. Hillsman:

I am enclosing herewith my check for 25.88 which closes my account with your ompany in full.

I want to take this opportunity to thank ou and your associates for this courtesy xtended to me, while the rate of interest night appear a little high, it is paid back n such a way it will hardly be noticeable.

It might be I will want to make anther note with your company in the ear future, should this be the case I will all and see you.

Again thanking you cordially for the ssistance rendered me, I am

Respectfully yours,
(Signed) WALTER H. TORRENCE.

JUNIOR FINANCE PROBLEM DRAWS SERIOUS STUDY

BY C. PHILIP PITT
Secretary Real Estate Board of Baltimore

President Clinton L. Riggs of the Real Estate Board has been asked by the National Association of Real Estate Boards to appoint a local committee to coöperate with the Research Department of the national association in making a nation-wide study of junior financing methods, costs and conditions. Any financing above a first mortgage is considered junior financing, which takes in second and subsequent mortgages, as well as loans on leaseholds. In Baltimore, however, loans on leasehold property are not in the same class as second mortgages and are considered as first mortgages.

SEEKS NEW POLICY

President Riggs has named the following members of the local board to supply the desired information as to local conditions: William E. Ferguson, Bradley K. Purdum and Samuel T. Richards.

The national association, it seems hopes to be able, as a result of this study, to adopt some plan or policy looking to the standardization of methods and charges in connection with such financing. There seems to be a divided opinion among local interests as to the desirability or practicability of any such standardization, regardless of the fact that they are forced to violate or evade the usury laws of the State every time a loan is made.

The attempt which the national association is preparing to make has been compared in a way with the work which was sponsored or financed some years ago by the Russell Sage Foundation in legalizing a higher rate of interest on small loans. Prior to this successful undertaking it is claimed that the so-called "money sharks" did a flourishing business by lending money to working people at interest rates ranging from 25 to 200 or 300 per cent.

SMALL LOAN FIELD

The investigation which was made of this business showed that there was a legitimate field for the small loan business and that adequate capital could be attracted for such loans at interest rates not to exceed 3½ per cent per month. As a result nearly every state has passed laws legalizing such interest rates and establishing certain regulations for that business.

It is true that the existing usury laws of most states are treated as a joke. Even some banks pay little if any attention to the law except to evade it. There has been little complaint against the banks or the better class of building associations and mortgage companies, because practically none of the banks and comparatively few of the building associations or mortgage companies do any so-called junior financing. Some individuals and corporations engaged in this business do take advantage of ignorant borrowers by making charges which are equivalent to an interest rate of 50 per cent when there is no justification for such charges except the ability of the lender to get it.

It is accepted that capital for junior financing in the real estate field cannot be had at the same interest rate as may be legally obtained on first-class mortgages. The mere fact that a mortgage may be a first lien does not necessarily mean that it is a first-class risk. The same is true with respect to second or subsequent mortgages.

It is not difficult to understand that a second mortgage for, say, $5,000 subject to a first mortgage for $20,000 representing 50 per cent of the value of the property which mortgage has been amortized to the extent of 50 per cent is just about as secure as the first mortgage.—*Baltimore American, May 22, 1927.*

DR. CADMAN'S COUNSEL

Questions from readers of the *Herald-Tribune* are answered by the Rev. Dr. S. Parkes Cadman, President, Federal Council of Churches of Christ in America. Dr. Cadman seeks to reply to inquiries that appear to be representative of the trends of thought in the many letters he receives.

WORCHESTER, MASS.

The Bible states that the exaction of usury is infamous and is not to be indulged in by the righteous man. Does the prohibition of the Bible have any application to the modern practice of charging interest on loans?

There is not much ground for comparison between the Biblical forbiddance of usury and the modern practice of charging a fair rate of interest on loans which is usually fixed by law.

The Hebrews to whom the prohibition you have in mind was given were a small and struggling people who regarded themselves as a family. Fraternal rather than legal rules prevailed among them. The indignation of their prophets was aroused by the selfishness of those Jews who took advantage of this situation to turn what should have been a brotherly deed into a means of exorbitant personal profit. In this connection read Amos 11: 6-8.

In later times, however, especially after the Babylonian exile, financial transactions involving the payment of interest were generally recognized. Christ Himself seems to have approved the wise investment of money. In support of this statement note St. Matthew's Gospel, 25: 27 and St. Luke's Gospel 19: 23, where the Revised Version uses the word "interest" in place of "usury."

Our present economic and commercial organization makes loans a necessity and the lender implies the borrower. The first renders a service in the form of credit or cash for which the second agrees to pay an equitable price called interest. The reasonable conclusion is that moderate interest on a loan is no more unrighteous than moderate profit on a suit of clothes or a barrel of flour.

The modern usury laws of the states provide drastic penalties for lenders who would overreach the borrower. They are also drawn to protect the modern system of credit with its vast ramifications and multiplicity of ways and means, as credit is one of the cornerstones of present day finance and commerce.—*N. Y. Tribune, May 20, 1927.*

INSURANCE

Automobile. When Insurance Company Not Liable Where Car Injured While Owner Intoxicated. Whether Such Risk Included in Policy Excluding Loss When Injury Occurred While Car Was "Being Used for Any Purpose, in Violation of Any State or Federal Law."

Action on an automobile insurance policy. The defense was that at the time plaintiff was operating the car he was intoxicated and that the damage to the car arose and resulted from such a state of intoxication, and that, whether or not the risk was included, defendant was not liable, on the ground that plaintiff was operating his car in violation of Section 12628-1 Ohio General Code, which made it a misdemeanor for any person to operate a motor vehicle of any kind on any public highway or street highway in the state of intoxication. The policy provided that the defendant company should not be liable while the car "is being used for any purpose, in violation of any State or Federal law."

Held, that plaintiff could not recover, the court placing its judgment on the proposition that an insurer is not liable for wilful recklessness or fraudulent acts of the assured and that, therefore, when plaintiff drove his car at a rate that he did and destroyed the same, he must be held to have intended that very result. Hence, the insurance company, whether such act was included in the policy or not, was not responsible for the damage. Held further, however, that the policy itself did not except from its operation a car operated as this one was, for it was

intended to exclude from its operation only cases where the car was being used for the purpose of violating a State or Federal law, such as going out to commit a crime, or the transportation of liquor.

Great American Mutual Indemnity Co. v. Hall (39692), *Court of Appeals of Ohio, 7th Dist. Received May* 11, 1928. *NOT YET REPORTED.*

CONVENTION NEWS

The National Convention Program Committtee met in Harrisburg, June 14th, with Messrs. Hancock, Mueller and Kehr present. The suggestions for the National Convention program submitted on the questionnaire sent out to all members, by the entertaining State Association, the Indiana Industrial Lenders Association, were considered and some of them selected as appropriate subjects for consideration at Indianapolis, September 14th, 15th, 16th. It was agreed by the committee to give the persons making the suggestions first opportunity to accept assignments to read papers or lead discussions or to debate the questions submitted. As no obligation was incurred in making these suggestions, it is understood that the persons responsible for any suggestions will not be bound to perform any service not desired. The committee has received some acceptances and some declinations to date, but it hopes that there will come forth from all the States which expect to be represented at the Indianapolis Convention, many volunteers who will be willing to either prepare papers or take part in discussions on the following subjects. It is understood that the Program Committee has the right to withdraw or supplement the following list of subjects:

Reconstruction of Local State and National Lenders Organizations.

Do the Small Loan Departments Operated by a Few Banks Have Any Effect on Our Business?

Are the Interests of Chain Offices Compatible With Those Individually or Locally Operated?

The Advisability of Membership in Local Retail Credit Men's Credit Bureaus.

The Relation of Appraisals to Loans.

Under What Circumstances are Foreclosures Advisable?

How to Keep the Business of Lending Money at 3½% Per Month With a Maximum Loan of $300.

On a High Plane in Face of Growing Competition.

Why Do Some Experienced Members Hesitate to Affiliate and Coöperate With Local Exchange Bureaus Where They Are in Operation?

Should the Publication of the Industrial Lenders News and Year Book be Discontinued?

Is It Fair to Our Customers to Close Saturday Evening?

Can House to House Circular Distribution Be Classed as Dignified Advertising?

How May the Public Be Educated to a Better Understanding of the Functions of "Industrial Lenders?"

What Can We Do Individually or Collectively to Improve Small Loan Conditions That Will Win Deserved Public Approval?

How Can an Account Be Collected Where Strained Domestic Relations Exist?

What Is Being Done by the Supervisors of the Laws of the Various States to Make Their Administration of the Laws and Rulings Uniform?

Credit Service or Budgeting vs. Bankruptcy.

Loan Managers' Opportunity for Service to the Public.

Publicity on Our Business. Does the Public Understand the Small Loan Business?

Are We in Our Infancy or to What Degree Have We Arrived as to the Necessity for Our Business?

COMMUNICATIONS

THE PROVIDENT LOAN SOCIETY
ROCHESTER, NEW YORK, (INC.)
31 Exchange Street

June 27, 1927.

MR. GEORGE KEHR,
10 S. Market Square,
Harrisburg, Pa.

Dear Sir:

I was interested in the two letters published in the last issue of the INDUSTRIAL LENDERS NEWS, headlined "Rochester Skips."

If you have an opportunity at any time, I will be glad to have you make it plain to your members that we will be glad to take care of any accounts. In addition to this, if any Society has an application from a former resident of Rochester, I would be glad to have them write me before making the loan, as I usually can give more or less information along this line. In fact, four out of five accounts which have been sent to this office were people with whom I was already familiar and could have given information which would have prevented the loss, in each of the four cases.

Very truly yours,

F. A. PHILLIPS, *Manager.*

NEW MEMBERS

We welcome the following new members into the A. I. L. A. ranks:

Marion Loan Co., 207 Iroquois Bldg., Marion, Ind.

West Philadelphia Loan Soc., 112 S. 52nd St., Philadelphia, Pa.

Black Hawk Loan Co., 312 Lafayette Bldg., Waterloo, Ia.

Alberts Finance Co., Huntingdon, W. Va.

Lincoln Loan Co., 201 Stahlman Bldg., Nashville, Tenn.

Lincoln Loan Co., 5668 Michigan Ave., Detroit, Mich.

Lincoln Loan Co., 333 Lafayette Bldg., Detroit, Mich.

Lincoln Loan Co., 408 B. F. Keith Theatre Bldg., Cincinnati, O.

Lincoln Loan Co., 412 Hickox Bldg., Cleveland, O.

Lincoln Loan Co., 572 Hohman Ave., Hammond, Ind.

Lincoln Loan Co., 739 Broadway, Gary, Ind.

American Small Loan Co., Inc., Mt. Ranier, Md.

Lincoln Loan Co., 201 Malkin Bldg., Memphis, Tenn.

Lincoln Loan Co., 204 Mercantile Bldg., Knoxville, Tenn.

Lincoln Loan Co., 711½ Market St., Chattanooga, Tenn.

Welfare Loan Society, 10 S. 11th St., Richmond, Ind.

Alabama Cash Credit Corp., 3108 N 27th St., Birmingham, Ala.

Pennsylvania Cash Credit Corp., Lansdowne, Pa.

Pennsylvania Cash Credit Corp., 715 S 52nd St., Philadelphia, Pa.

Community Loan Co., 721 E. 63rd St Chicago, Ill.

American Small Loan Co., 102 S Asaph St., Alexandria, Va.

SMALL LOANS COST REDUCED BY ILLINOIS ACT

Lenders' Association Backs Introduction of Fairer Practices

Special from Monitor Bureau

CHICAGO, June 11.—The small loan law of Illinois, a uniform code now operating in 21 states, has been a distinct success here; it has effectively reduced the current interest rate from a maximum of 18 per cent to 3½ per cent monthly, except for a class of self-styled "salary buyers."

This was stated by Charles R. Napier, attorney for the Illinois Industrial Licensed Lenders' Association, in an interview. Railroads in this transportation center, the elevated railroad system, the surface lines, the Pullman Company, American Railway Express Company and Western Union Telegraph have taken the position that salary buying is illegal and have declined to honor any assignments for salary buyers, he revealed.

"I believe that no one man has done more to improve the practices and to raise the ethical standards of the business throughout the nation than Leslie G. Harbison, of Chicago, president of the Household Finance Corporation, which operates throughout the country," Mr. Napier declared.

HAS WIDE MEMBERSHIP

More than 100 individuals and organizations are members of the association which seeks among other objectives, "to protect the borrowing public against usury and extortion in procuring salary chattel and other small loans to coöperate with all licensed lenders in the proper conduct of their business, and to protect all deserving people in our cities and calities against the payment of high rates of interest or charges made directly or indirectly than is prescribed in the statutes."

The declaration of practices declares:

"We will do what we can to dignify, uplift, and standardize the small loan business in every quarter of the United States.

"We will favor state legislation, uniform in character, providing licenses and supervision by a state official, with bond to the State, and providing legal rates and terms fair to both lender and borrower.

"We will assist by publicity in educating the public to the service rendered by industrial lenders in this necessary business.

"We will obey the small loan laws ourselves, and police the business.

"We will regulate our public advertisements and circulars, so that they shall be dignified, truthful and straightforward.

STRAIGHT ACCOUNTS PROMISED

"We will keep our books and accounts in plain and understandable form, sa

ctory to the licensing official and never fuse a borrower a statement of his count.

"We will make an earnest effort to aintain good relations with all state ficials and their examiners, and will alays deal with them frankly and in a irit of coöperation and in recognition their duty to the public as well as to censees.

"We will not do anything to bring the siness of the American Industrial Lensed Lenders' Association, or our state ssociations, into disrepute, or question s to our fair and lawful methods.

"We will coöperate with all members the American Industrial Licensed enders' Association and our affiliated ate associations, in respect to accurate redit information and other advice and ssist them in the collection of accounts, ealing with them in a spirit of fraternity nd helpfulness.

"We will do what we can to discourage ne practice of making the same borrower r borrowers more than one loan on the ame security at the same time."—*The hristian Science Monitor, Boston, Saturday, June 11, 1927.*

ELIMINATE THAT SUMMER SLUMP

It is unfortunate that many loan companies are inclined to accept the so-called Summer Slump" as inevitable and ease p on their advertising efforts to bring n business during July and August.

Money needs are not seasonal—they are able to arise at any time. A great majority of the people need to borrow money at times—perhaps not to-day, tomorrow or next month. But when the demand comes—and it will sooner or later—they want it in a hurry. If you have been advertising regularly and they receive one of your frequent reminders, about the time when the need arises, their natural reaction will be to come to you for a loan.

Doesn't it logically follow then, that advertising such as in newspapers, direct-by-mail, and house-to-house distribution of folders should be continued with no let-up all through the year—and certainly, especially right now, when competition is fighting so hard for business?

Systematic advertising is one of the most profitable ways of getting business. Set a definite objective in your mind as the goal which you are going to strive to obtain. Then outline a concise and practical plan that you intend to follow—and adhere to it strictly. Occasions may arise when you will want to change some minor details but keep the original objective in mind.

Conditions may vary in towns of different sizes. Display newspaper advertising should be used wherever advertising rates are not prohibitive as this type of advertising is one of the best ways of instilling the confidence of the people in your company. House-to-house distribution of folders is inexpensive, and most productive when confined to the districts where the greater majority of the people are wage earners who are liable to need your service.

The importance of direct-mail advertising cannot be overemphasized. It is an especially productive way of obtaining business and good-will as it carries a personal message to a carefully selected list of old, new and prospective customers.

Above all don't forget the earnest, conscientious effort properly directed has never failed yet. First, sell yourself that business is here the year round and that you are going to make a determined effort to get your share. You will find that the "Summer Slump" myth has automatically disappeared.

Send for Our

PORTFOLIO

of Business Forms and Advertising

For Loan Offices

We can outfit you at a fraction of the cost you would have to pay elsewhere

We own and operate a large and very complete printing plant devoted to the printing of business forms and advertising circulars for Industrial Loan Offices.

ALL ORDERS FOR STOCK FORMS SHIPPED THE SAME DAY. All have been approved by the proper authorities.

We list below just a few we carry.

Application Form C—Short Form.
Application Form AOL—Space for listing furniture.
Application Form J—Large size.
Application Form LA—Our most complete Application.
Assignments Form S.
Chattel Mortgages Form CHI (Used in Chicago only).
Chattel Mortgages—without note attached.
Chattel Mortgages—with note attached.
Chattel Mortgage Extensions Form EX.
Chattel Mortgage Release Form R.
Contract and Bill of Sale for Pennsylvania.
Credit Slips.
Courtesy Slips Form O—Used for recommending new customers.
Daily Report Form D—Complete record of day's business.
Delinquent Notice Cards—1st, 2nd and 3rd.
Endorsers' Record Cards, Form SL3.
Filing Envelopes Form E—Used to enclose all papers and also a record of all loans with one customer.
Interest Tables, 2½%, 3%, and 3½%.
Index of Loans Cards SL Form 1—A record of all loans with one customer.
Ledger Cards Form 105, Buff and Salmon—One is filed alphabetically and one by due date.
Ledger Cards SL Form 2. Ledger Sheets Form 1C.
Ledger Sheets Form 2SL. Listing Blanks Form 108.
Loan Register Sheets Form W.
Monthly Payment Schedules Form MPS.
Notes, Form G.
Notes, Collateral, Form X.
Payment Books Form M.
Payment Books Form M, 6 pages Weekly Payment.
Payment Book Jackets.
Payment Notices, Form P.
"Please" Slip. (Please send postage next time.)
Record of Loans Cards Form 106.
Real Estate Mortgage Form REM (Used in Iowa only).
Receipts Form T.
Rate Schedules Form M and Form TP. Furnished flat, or bound in leather and with celluloid top.
Slow or Skip Cards, Form 107.
Statement of Loan—Gives customer complete history of loan.
"Thank You" Slips—Used for acknowledging payments.
Ten Months Repayment Plan Folders.
Twenty Payment Plan Circulars.
Weekly Payment Schedules, 2½% and 3½%.

The William I. Marsh Co.
229 W. Illinois Street CHICAGO

COMPLETE OUTFITTERS FOR INDUSTRIAL LOAN OFFICES
FORMS, ADVERTISING AND CALCULATORS

NEW JERSEY

The Second Annual Outing of the New Jersey Association was held at the Shrewsbury River Country Club, June 29, 1927. Many of the Lenders brought the ladies and various card games were provided for the entertainment of the fair sex and after the business meeting a splendid luncheon was served, and then many of the men folks participated in three-legged race, potato race, baseball game and golf. The winners received some very handsome prizes.

The baseball game between the married men and the single men was very interesting for the first few innings, after which it developed that the men were not as good baseball players as they were Lenders. They struggled through five innings, at which time the score stood eight to seven in favor of the married men, and the single men felt that they had better call the game off as they knew there would be dancing in the evening and it was questionable if they continued a couple of more innings whether they could participate in the dancing at night. Of course the old married men, having weathered many storms, were in better shape to continue in physical exercise than the young men.

We understand some very good scores were turned in by the golf players, including National Chairman Young. Unfortunately no one followed him around, and knowing Bill as we do, we looked upon his score with a critical eye, but we had no grounds for doubt. We do know that he used many strokes prior to getting the ball on the last green.

In the evening a wonderful shore dinner was served, during which time we were favored with entertainment by two fair and charming entertainers from Texas Guinan's place, and it was noted that a lot of the married women had considerable difficulty in keeping their husbands eyes focused on their plates.

It was very surprising to note the talent in many lines that was demonstrated during the evening by some of our Lenders who impersonated various political, historical and Jewish characters.

When one of the Lenders called upon Mr. Buswell, Chairman of the Entertainment Committee, to make a speech, he responded very briefly and was complimented by one of the Lenders upon the fact that he had rendered in so concise a manner an address of the utmost importance.

Mr. Buswell was also complimented for his ability to provide entertainment for the members and it was very evident that everyone present had a very enjoyable time and remarks were exchanged, anticipating a pleasant time at the Third Annual Outing of the New Jersey Industrial Lenders Association.

During the evening, music was provided for the dancing by a very capable orchestra, which proved to be a very enjoyable ending to a perfect day.

MEETING SCHEDULE

PENNSYLVANIA—Reading, July 20.
ILLINOIS—Chicago, July 28.
VIRGINIA—Norfolk, July 29.
INDIANA — Indianapolis, Claypool Hotel, September 14, 15, 16. National Convention.
MICHIGAN—Detroit, October 21.

MONEY

MONEY

As a loan man you undoubtedly have used this headline in your advertising. And people who needed money came to you. Did it ever occur to you that indirectly you were advertising to yourself? You have the same desire for money that your customers have. Isn't it true that if you were to make a list of the things you want, you would find that most of them depend on money?

Your customers satisfy their wants by borrowing money. The other way—your way—should be to earn more money. How? Doing the same routine job day in and day out? Or by being progressive, by learning new loan ideas, by preparing yourself for the step above—by becoming a trained loan man?

Think about these facts. In six months' time, 33% of the Institute's graduates have received promotions—and in addition, 51% have received salary increases. *Just a hint,* if you are interested in yourself, send for full information.

Industrial Lenders Technical Institute
468 Fourth Avenue, New York City.

Approved as a correspondence school under the laws of the State of New York.

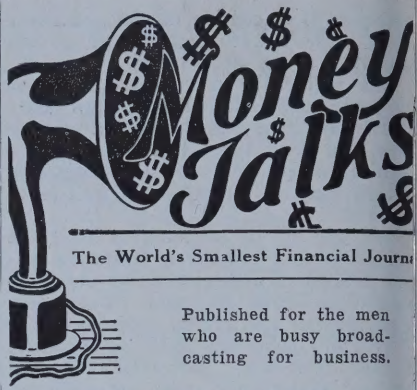
INDUSTRIAL LENDERS TECHNICAL INSTITUTE,
468 Fourth Avenue, New York City.

Please send me, without obligation, information about your course in successful loan office management.

Name .....
Street and Number .....
City and State .....

mail the Coupon today

IDX



Published for the men who are busy broadcasting for business.

SUMMER WINTER AND SOME ARE NOT

July Fourth last year was celebrate on the fifth—This year it falls on th fourth again.

It means more this year as a Fourt is more than a Fifth.

Yes, we are getting back to norma again.

It is a far cry from July till Christma but not so far from summer to W-I-N T-E-R, because—

W-I-N-T-E-R is here this summer.

And he is looking for old man Sum mer Slump, the shadow of all unwa business men.

About this time of the year old ma Summer Slump begins to stretch himse and look cautiously around to see if an one is watching him before venturi forth.

You see, last Summer he took a te rible Fall when Winter came, and he afraid of another one-way ticket to Fri idaire.

W-I-N-T-E-R has a lot of summ ammunition, so hot that it will knock M. S. S. so cold he will think San Claus gave him a pair of socks.

One well-aimed barrage will snow hi under so far that he will be glad to dri out of the picture.

When W-I-N-T-E-R comes, Old M. Summer Slump retires to warmer regio where Small Loan Companies do n summer the W-I-N-T-E-R way.

Write a letter to Winter's summ home in Des Moines for information a samples of monthly service and folde which are helping many Small Lo Companies take the slump out of summ

Remember the old saying: Do NOW.

N. A. Winter

N. A. WINTER
Industrial Lenders Advertising Helps
DES MOINES, IOW

303

INDUSTRIAL LENDERS NEWS

THE LIBRARY OF THE
AUG 16 1927
UNIVERSITY OF ILLINOIS

)fficial Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

)l. XII, No. 2. AUGUST, 1927 Price, $1.00 a year.

If You Do Not Go To the National Convention the Joke's On You

Boy, what a blowout it's going to be! We can tell you that much about the ming National Convention at Indianaps, anyway. And that's about all we n tell you, too. For although we have gged, threatened and cajoled, the hard rking Hoosiers in charge of the fesities have maintained a stony silence. ney are going to make us wait until our ptember issue and then splash the story the Convention all over the place. aybe that means nothing to you, beuse your only connection with this blication consists of waiting for its apearance on your desk, and then devourg every word with avid interest. But you had to edit it, and had to urry around every month for teresting copy, you would know hat it means to be put off.

But we were never one to give) without a struggle, so we went for a little amateur detecting. oing into our dressing room, we ut on disise M 23 Bulgari an amp collecr with ng-nails.) hen we set ut on the ail of the usive story. o our inite delight ir disguise as not pentrated — alough, to be ire, some nkind souls ought we oked more ke a New ork taxi river, and aid so. But nat's the ay people re; you ave to take certain mount of hat stuff.

And now e can tell ou a little it about the Convention.

The Beautiful Marott Hotel, where the Bridge Party will be held

a little bit gathered at great risk of life, liberty and the pursuit of happiness. The first choice bit of gossip is that on Wednesday night, the first night of the Convention, there is going to be a stupendous theatrical production. Don't get us wrong—this isn't going to be like "The Road to Yesterday" given by Cousin Mattie's high school class. Far from it; this ambitious superdrama is professional throughout. In fact, it's so good that Flo Ziegfield and Lee Shubert are trying to get injunctions against it. We hope they don't succeed—we'd love to see somebody make those two birds jealous.

Prominent among the speakers who will address the Convention is Hon. James E. Watson, the senior Senator from Indiana. Mr. Watson was told that he might have the world from which to choose his subject. The only restriction imposed upon him was that he must not talk about anything dirty; accordingly he has promised not to discuss Indiana politics.

We show an illustration of the Marott Hotel, Indiana's newest and finest apartment hotel. Here there will be a bridge party for the ladies, with very beautiful and valuable prizes as trophies. The picture gives you some idea of this imposing building, but for the real treat you had better go to the bridge party and see what Indiana can do in the way of luxurious living quarters.

A show, one of the speakers, a bridge party—and that's all we can glean at this early date. But it is enough to give rich promise of great festivities to come. We know that Hoosier gang, and we know that they are not going to fall down on us. Just watch for the September issue, which will give all the details and final instructions and suggestions.

NOTICE

The September Industrial Lenders News will be issued early in the month, so be sure to have all copy in before August 25th.

INDUSTRIAL LENDERS NEWS

Established 1916.

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Items intended for publication should be addressed to G. W. Kehr, Box 778, Harrisburg, Pa.

NATIONAL OFFICERS, 1926-1927.

Chairman, Wm. Young, 220 S. 16th St., Philadelphia.

Treasurer, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

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Fla.—E. R. Kichline, 325 W. Forsythe St., Jacksonville.

Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.

Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.

Ind.—F. L. Thompson, Shelbyville.

Iowa.—C. M. Debnert, 252 K. of P. Bldg., Des Moines.

Me.—H. S. Crosby, 163 Main St., Lewiston.

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Mass.—A. Youngerman, 19 Pearl St., Boston.

Mich.—Norman Buckner, 5 S. Saginaw St., Pontiac.

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N. J.—J. C. Van Horn, 2 E. State St., Trenton.

Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.

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R. I.—G. E. Rich, 26 High St., Pawtucket.

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W. Va.—Sam Wormser, 3rd Ave. and Ninth St., Huntington.

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Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.

Finance, W. P. Woll, 360 N. Michigan Ave., Chicago.

Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.

Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.

Publicity, L. K. Osborne, 32 Ruggery Bldg., Columbus, O.

Membership, F. L. Thompson, Farmers Nat'l. Bank Bldg., Shelbyville. Ind.

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Conn.—W. J. Miller, 805 Main St., Hartford.

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Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.

Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.

Me.—T. M. Fitzgibbons, 209 Clapp Bldg, Portland.

Md.—E. M. Garren, 331 Equitable Bldg., Baltimore.

Mass.—D. J. Cote, 552 Mass. Ave., Cambridge.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit

N. H.—E. F. Hurd, 71 West Pearl St., Nashua.

N. J.—V. L. Buchman, Wilkinson Bldg., Trenton.

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Va.—H. M. Fenner, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

TENTATIVE NATIONAL CONVENTION PROGRAM

Subject to further additions and corrections the program will be:—

Wednesday, September 14

9 A. M.

Call to Order by the National Chairman, Wm Young.

Invocation.

Address of Welcome, President, Indianapolis Chamber of Commerce.

Address of Welcome in Behalf of the I. I. L. A.

Response for the A. I. L. A., Wm. Young, National Chairman.

Report of the Membership Committee, F. L. Thompson.

Report of the Committee on Legislation, L. C. Harbison.

Report of the Law Committee, F. R. Hubachek, Esq.

Report of the Publicity Committee, L. K. Osborne.

Report of the Finance Committee, W. P. Woll.

Report of the National Treasurer and Auditing Committee, T. J. Harrison—H. T. Mattingly.

Report of the National Secretary, G. W. Kehr.

Report of the Special Committees.

Revision of the Constitution and By-laws.

Dual Membership.

12 M.

WELCOME LUNCHEON

Indiana Industrial Lenders Assn., Host.

Speaker, Hon. Howard Bryant, Baltimore.

2 P. M.

The Year's Progress and the Uniform Small Loan Law, Leon Henderson, Director, Department of Remedial Loans, Russell Sage Foundation, New York.

Lost Opportunities, H. T. Mattingly, President, Master Loan Service, Baltimore.

Should the Publication of the INDUSTRIAL LENDERS NEWS and Year Book be Discontinued? A. B. Madison, Manager, The Master Loan Service, Atlanta.

Is a Chattel Mortgage on Furniture a Danger Signal in Extending Credit? F. E. Stroup, Manager, Industrial Mortgage & Investment Company, Grand Rapids.

GENERAL DISCUSSION

Is it Fair to Our Customers to Close Saturday Evenings?

Can House to House Circular Distribution be Classed as Dignified Advertising?

How Can an Account be Collected Where Strained Domestic Relations Exist?

Thursday, September 15

9 A. M.

The Influence of Education on the Future of the Loan Business, David H. Finck, Educational Director, Industrial Lenders Technical Institute, New York.

Local Exchange Bureaus and Their Advantages to Our Business, G. W. Farrington, Manager, Commonwealth Loan Co., Indianapolis, Ind.

Publicity on Our Business, J. H. Gray, Manager, State Loan Co., Joliet, Ill.

What Effect do the Small Loan Departments Operated by a Few Banks Have on Our Business? W. J. Igoe, Manager, Peoples Loan Co., Jersey City, N. J.

Thursday Morning, September 15

GENERAL DISCUSSION

What is Being Done by the Supervisors of the Small Loan Laws of the Various States to Make Their Administration of the Laws and Rulings Uniform?

Credit Service or Budgeting vs. Bankruptcy.

Loan Manager's Opportunity for Service to the Public.

Reconstruction of Local State and National Lenders Organizations.

1:30 P. M.

How May the Public be Educated to Better Understanding of the Function of Industrial Lenders? M. L. Anderson, Manager, The Mansfield Provident Co., Mansfield, O.

Are the Interests of the Chain Office Compatible With Those Individually Operated? G. J. Dirksen, Western Superintendent, Community Finance Service, Inc.

Advertising, Your Greatest Selling Force, N. A. Winter, Des Moines, Ia.

What Can We Do Individually or Collectively to Improve Small Loan Conditions That Will Win Public Approval, D. H. Rose, Travelling Supervisor, Household Finance Corporation, Chicago, Ill.

GENERAL DISCUSSION

Relation of Appraisals to Loans.

Under What Circumstances are Foreclosures Advisable?

How to Keep the Business of Lending Money at 3½% Per Month With a Maximum Loan of $300 on a High Plane in Face of Growing Competition.

7 P. M.

CONVENTION BANQUET CLAYPOOL HOTEL

Toastmaster—

Addresses by Hon. James E. Watson, U. S. Senator from Indiana, and Lieutenant Governor F. Howard Van Orman

7 P. M. to 1 A. M.

DANCING

Friday, September 16

9:30 A. M.

Unfinished Business.

New Business.

Nomination and Election of Officers and Chairmen of Standing Committees.

Announcement of the State that won the Attendance Trophy.

The above program lacks the entertainment features which are now being worked out by the Committee in Charge. Announcement of additional social features will probably be made in our September issue.

NOTICE

To insure publication in the September News, all material should be in the hands of the National Secretary on or before August 25th. It is the purpose of the Editor to have the September issue in the mails about September 5th, so all members may receive it before the National Convention. This may also serve as a notice to all members who have not yet paid their dues to do so before September 15th so that they may be reported in good standing by the National Secretary at the Convention.

CONNECTICUT

Members of the Association assembled the Double Beach House at Double ach, Connecticut at 10 A. M. Wednesy June 22d for their first annual outing conection with the June quarterly meetg.

A ball game was held in the ball field joining the dining room. All members reed that they had a very enjoyable ne. At 12:30 o'clock luncheon was rved to thirty-five members and guests the Double Beach House, consisting of very good shore dinner.

Regular business meeting was called to der at 2:30 P. M. Chairman Connors esided. The roll call showed the folwing members and guests present:

Mr. O'Brien, Equitable Ind. Loan Soc., ew Haven.
Mr. Scarpa, New England Equity orp., New Haven.
Mr. Miller, Fidelity Loan Corp., idgeport.
Mr. Brennan, Beneficial Loan Society, amford.
Mr. Carlson, Equitable Ind. Loan Soc., aterbury.
Mr. Sheriden, Ideal Financing Asso., iddletown.
Mr. Hawkinson, Ideal Financing Assn., artford.
Mr. Dunbar, New England Equity Corration, Norwich.
Mr. Sterry, Personal Finance Co., Midetown.
Mr. Fitzpatrick, Beneficial Loan Socie, New London.
Mr. Holm, Personal Finance Co., Annia.
Mr. Valentine, Beneficial Loan Society, eriden.
Mr. Keily, Beneficial Loan Society, idgeport.
Mr. Kantor, United Loan Corporation, idgeport.
Mr. Martinson, Personal Finance Co., istol.
Mr. Diegnan, Beneficial Loan Society, ew Britain.
Mr. Farrell, Beneficial Loan Society, aterbury.
Mr. DeJon, American Loan, New aven.
Mr. Bumsted, New England Equity orp., Bridgeport.
Mr. Bookman, Beneficial Loan Society, ew Haven.
Mr. B. Bumsted, New England Equity orp., New Haven.
Mr. A. Murchie, Mutual System, idgeport.
Mr. Kendrick, Mutual Sytem, New aven.
Mr. Plummer, Mutual System, New ritain.
Mr. Moran, Mutual System, New Haen.
Mr. Sanderson, New England Equity orp., Hartford.
Mr. W. J. Miller, Beneficial Loan Soiety, Hartford.

Guests Present

Mr. A. G. Zimmerman, Beneficial Oprating Bureau, New York City.
Mr. H. Stephenson and wife, New ngland Equity Corp., New Haven.
Mr. F. Reed, Beneficial Operating Bueau, New York City.
Mr. Lovegrove, Mutual System Co., idgeport.
Mr. John Darcey, Waterbury Republian Amer., Waterbury.
Mr. Nesmith, New England Equity Corp.

Following the roll call the minutes o the previous meeting were read and approved.

Report of the treasurer was read and approved. Report of the Legislature Committee reported that their duties were completed.

Exchange Committee: The Exchange Committee had nothing new to report.

Vigilance Committee: Mr. Zimmerman reported for the Vigilance Committee.

Unfinished Business

The matter of uniform papers was brought up and the secretary had nothing new to report on them. A committee consisting of Mr. Lovegrove, Mr. Bumsted, and Mr. Kantor were appointed to draft a seal.

New Business

Mr. Moran, chairman of the Bridgeport Loan Exchange, spoke on the possibility of a State Loan Exchange and issued an invitation for members of each city exchange to meet with the Bridgeport members at New Haven and discuss this matter.

Mr. Moran was appointed chairman of the committee of the "State Loan Exchange" and is to have on his committee the following members:

Waterbury, Mr. Farrell.
New Haven, Mr. O'Brien.
Hartford, Mr. Sanderson.
Meriden, Mr. Valentine.
Middletown, Mr. Sherriden.
Ansonia, Mr. Holm.
Bristol, Mr. Martinson.
Stamford, Mr. Brennan.
New Britain, Mr. Plummer.

Motion made by Mr. O'Brien that the usual matter selecting a national convention delegate be followed again. The result was that Mr. Conners, Chairman, was nominated to attend the Convention at the Association's expense and he to have the privilege to appoint his alternate.

It was decided to hold the next meeting the third Wednesday in October at the Hotel Taft in New Haven.

Meeting adjourned at 4 P. M.

William J. Miller, *Secretary.*

As M. S. Reported the Outing

The members of the C. I. L. A. gathered at the Double Beach House, Double Beach, Conn., on Wednesday morning June 22d for their first annual outing.

Following the usual greetings and hokum about what last month's results weren't the Secretary breezed in with the baseball equipment namely a ball and bat. Babe Dunbar and Huggins Miller choosed sides for the game and the riot was on. The batteries for the game were Farrell and Dunbar for the Wildcats and Holm and Miller for the All Stars. Sanderson of Hartford was elected official score keeper because he had never done it before while Judge Keneshaw Landis Stephenson looked on in the capacity of High Commissioner of Lender baseball and issued instructions that Marqu's of Queensbury, and Hoyle up-to-date rules must be followed.

The Wildcats went to bat first but did not score. They were followed naturally by the All Stars who scored a run. From then on the game was apparently a grudge because the Wildcats were peeved because the All Stars had scored first and a look at the score below will substantiate these statements.

	1	2	3	4	5	6	7	8	9	R	H	E
Wild Cats	1	0	0	0	0	0	0	0	0	1	?	81
All Stars	1	2	3	6	9	9	8	7	6½	51½	P.	1.2

The high spots of the game were the fielding of players, Bookman, Zimmerman, Bumsted, Kendrick and Scarpa. Sterry, 1st baseman for the All Stars made a remarkable record of 73 errors in the first four innings. Buo Bumsted the champion Black Bottom dancer was very fast on the bases in fact every time he hit the ball which was often he could make a circuit of the bases before the fielders could make up their mind which base to throw the ball to.

There were so many stolen bases that the score keeper could not keep an accurate check of them but that Wild Cat team were regular second story men when it came to burgularizing bases. What this base stealing has to do with the missing ball is more than we care to say here. Harry Valentine in an effort to hit the ball back to Meriden so his kiddies could play with it broke the bat holding up the game for some time until another could be obtained. Taking all things into consideration it was a good game and all hands were sufficiently mussed up to make the afternoon uncomfortable. It is understood that the Wild Cats are going to give the All Stars a handicap of 50 runs next year to better balance the score card.

M. S.

FLORIDA

The regular meeting of the Florida Industrial Lenders Association was held at the office of the Personal Finance Company of Tampa, on June 24, 1927.

The meeting was called to order by Chairman Kichline promptly at 7:30 P. M. The minutes of the previous meeting were read and on motion, duly seconded, were approved. The following members were present and answered the roll call: Messrs. C. E. Humphrey and W. W. Tinsley of the Mutual Finance Company of Tampa, J. K. Reid and H. H. Holmes of the Economic Loans, Inc. of Tampa, J. H. Ehlers and J. J. Murray of the Beneficial Loan Society of St. Petersburg, E. R. Kichline of the Personal Finance Company of Jacksonville, J. R. Standring of the Personal Finance Company of Tampa and E. F. Moore of the Beneficial Operating Bureau, New York. We were happy to welcome as our guests, Mr. A. I. Zeiger of Lakeland, Fla., Mr. E. P. Jackson of the State Comptroller's office, Tallahassee and William E. Thompson of Tampa.

The Secretary reported that out of the eight licensees in the state, six are members of the Association and in good standing.

The Treasurer reported a balance in the treasury of $39.15 with all bills rendered to date paid. On motion of Mr. Reid, seconded by Mr. Tinsley, the Treasurer's report was ordered accepted and spread on the minutes. Carried.

Chairman Kichline gave a very interesting report of his activity as Chairman since the organization meeting and touched briefly on the Legislative Campaign.

The matter of having the Constitution and By-Laws printed in booklet form and

distributed to the members was discussed and on motion, duly seconded, it was decided that the printing be held in abeyance until some future date, but to have enough copies multigraphed to distribute one copy to the members and hold the others on file.

The Secretary read a communication from Secretary Kehr of the American Industrial Lenders Association, advising that the application of the Florida Industrial Lenders Association for affiliation with the National Body had been accepted and approved by the Executive Committee.

The Chairman called the members' attention to the National Convention of the A. I. L. A., which will be held at the Claypool Hotel, Indianapolis, Ind., September 14th, 15th and 16th, urging all members to attend.

The question of sending a delegate to the National Convention was then placed before the members. After some discussion it was moved by Mr. Reid and seconded by Mr. Humphrey, that Mr. E. F. Moore be authorized to represent the Florida Association as delegate at the National Convention at Indianapolis, September 14th, 15th and 16th. Carried.

The Chairman appointed C. E. Humphrey of Tampa as Chairman of the Membership Committee. J. K. Reid of Tampa, Chairman of the Vigilance Committee, and J. R. Standring of Tampa, Chairman of the Publicity Committee. These appointments were duly accepted, each member pledging his wholehearted support and coöperation to the Association.

The Secretary advised that an invitation was extended Comptroller Ernest Amos of Tallahassee to be present at the meeting. He read a letter from Comptroller Amos expressing his appreciation for the invitation and advising he was unable to accept due to pressing business, but would endeavor to have someone from his office attend the meeting. At this time the Chairman and members extended a cordial welcome to Mr. E. P. Jackson of the State Comptroller's office. Mr. Jackson gave a splendid talk about the business in general, stating that while it was rather new to him he was in favor of the Association and assured the members that the State Comptroller was in whole-hearted accord with our business and was willing at all times to coöperate in any manner possible. At the conclusion of Mr. Jackson's remarks he was tendered a rising vote of thanks.

Mr. E. F. Moore, in his usual interesting manner, spoke of the good work done in other states by the Association and sighted many instances in which the lenders have been of real service in helping the less fortunate individual and humanity at large. Mr. Moore's talk was greeted with enthusiastic response.

The question of adopting uniform papers was brought up. After discusing the matter at some length, it was decided not to adopt officially, any set of papers at this time, but should a new licensee desire papers, any member would be glad to give a set on request from the Secretary.

On motion of Mr. Reid, seconded by Mr. Humphrey, Mr. A. I. Zeiger of the Lakeland Finance Company was elected a member of the Florida Association. Mr. Zeiger in a very interesting talk explained how very happy he was to be a member of the Association and gave his assurance of willingness to serve at all times and do all in his power to build the organization to a bigger and better body.

On motion, duly seconded, the meeting adjourned.

J. R. STANDRING, *Secretary.*

NEW HAMPSHIRE

The annual meeting and banquet of the New Hampshire Industrial Lenders Association was held at the Hotel Carpenter, Manchester, New Hampshire, May 24, 1927, at 7:30 P. M.

A small but enthusiastic gathering of all the members of the New Hampshire Association were present. After a bang-up good dinner, the annual business meeting was held at which A. G. Zimmerman, Northern Supervisor of the Beneficial Operating Bureau, acted as toastmaster.

The first speaker of the evening was Attorney Maurice F. Devine who explained the New Hampshire Law regarding small loans in some detail. Reverend A. W. Algenburn followed Mr. Devine and paid the New Hampshire Lenders considerable tribute for the manner in which they operate their business from his own personal knowledge. H. A. Morgan, Assistant Northern Supervisor of the Beneficial Operating Bureau next addressed the gathering. He carried us back to the old days in the small loan business and brought out the present day lenders in marked contrast to the old-fashioned "Loan Shark." Mr. Zimmerman then made some remarks upon the future program of the New Hampshire Association.

The business meeting was then adjourned and was followed by general dancing.

Officers: F. A. Brodeur, President, Wilfred W. Bureau, Vice-President, Mrs. Sarah E. French, Treasurer, Mr. E. F. Hurd, Secretary.

Committee in Charge of the Arrangements: Mrs. Sarah E. French, Chairman, Charles J. Ahearn, Vice-Chairman.

Reception Committee: Miss Victoria E. Guerin and Miss Claire H. Gauthier.

Among the out-of-state guests were A. G. Zimmerman, Newark, N. J.; Mrs. and Mrs. H. A. Morgan, Providence, R. I.; D. J. Cote, Cambridge, Mass., and L. C. Davis, Somerville, Mass.

ILLINOIS

The regular annual meeting and election of officers of the I. I. L. A. was held at Chicago, Illinois in the Hotel La Salle at 2:30 P. M., July 28th and the attendance was decidedly good for a mid-summer meeting. Regular Committee reports were made and two new members were voted upon and accepted; Franklin Finance Corporation of 6225 South Ashland Ave., Chicago and Lincoln Loan Co., of 220 South State Street, Chicago.

A nominating Committee was appointed by Chairman Al Snite and the following officers and members of the executive Committee elected for the coming year:

President, A. P. Snite.
Vice-President, B. E. Henderson.
Vice-President, Chas. Turgrimson.
Secretary, J. H. Sanderson.
Treasurer, J. D. Lynch.

Executive Committee, John A. Breen; Fred Snite; W. P. Woll; E. R. Klein.

Representative to all National Association Meetings, L. C. Harbison.

Delegate to National Convention, J. H. Sanderson.

It was voted that Mr. Charles R Napier, our Legal Counsel and advisor attend the National Convention next September. Many expressions of satisfaction were heard upon the acceptance to the Presidency by Al Snite for his fifth term and his address was one of confidence and willingness to give I. I. L. A continued growth.

Mr. E. R. Klein, Western Supervisor of the Beneficial Operating Bureau was welcomed as a member of the Executive Committee and we know he will be a valuable addition with constructive ideas.

We were glad to have Mr. J. H. Auf derheide of Indianapolis, Ind. with us and hope he will attend regularly.

Charlie Turgrimson told us a fish story but sticks to his story that it is not well to tell where they are biting until the stop, but B. E. Henderson of Chicago says he saw a picture of Charlie standing behind a fish so large that our fisherman could hardly be seen. Now you tell one.

J. H. SANDERSON, *Secretary.*

NEW JERSEY

The quarterly meeting of the N. J. L. A. was held at the Shrewsbury River Country Club, Red Bank, N. J., on June 29, 1927, and was called to order at 10:45 o'clock by the chairman.

The secretary read the roll call. The following associations responded: The American Equity Corporation, The Atlantic Loan Society of Atlantic City, The Atlantic Loan Society of Camden, The Beneficial Loan Society of Camden, Elizabeth Jersey City, Newark, Orange, Paterson Trenton and Union City; The Community Finance Service, Inc., of Elizabeth Jersey City, Atlantic City, Camden and Newark; The Continental Finance Corporation, The Equitable Loan Society of Elizabeth, Jersey City and Newark; The Gibraltar Loan Society, The Guardian Loan Company, The Household Loan Company, The Max Knobloch Loan Company, The Mercer County Loan Association, The Middlesex Finance Company, The New Jersey Cash Credit Corporation of Asbury Park, Camden, Elizabeth, Hackensack, Jersey City, Newark East Orange, Trenton and Union City The Personal Finance Company, Person Loan Company, Standard Loan Company The Van Horn Agency of Trenton, The Van Horn Agency of New Brunswick.

The minutes of the last meeting were approved as distributed. The secretary read the minutes of the Executive Committee. A motion was made that they be accepted. Carried.

REPORTS

The secretary reported 91 members in good standing, 283 licensees in the state 51 members of the A. I. L. A.

Mr. Watts, Chairman of Legislation reported progress.

Mr. Umlauft, Chairman of Publicity reported progress.

Mr. Buswell, Chairman of Entertainment, reported that the golf course was open to all members of the Association as well as the baseball diamond, and other grounds for races, etc., and tables for bridge were provided for the ladies.

Mr. Young, Chairman of Membership submitted three applications for membership.

Mr. Montgomery, Chairman of Executive Committee, submitted the report of the last meeting held in Jersey City.

Mr. Bloom, Chairman of a Special mmittee, not being present, had a rep-entative to report progress.

t was regularly moved and seconded t the reports of Officers and Commit- Chairmen be accepted with thanks and ead upon the minutes. Carried.

A letter from the National Secretary s read, requesting someone to write on subject, "Do the Small Loan Depart-nts Operated by a Few Banks Have y Effect on Our Business?" and sub- it at the National Convention at In-napolis, September 14-15-16, 1927. Mr. alter J. Igoe was selected to write on s subject owing to his experience with nks in Jersey City who operate a Small an Department.

t was regularly moved and seconded t the recommendations of the Execu-e Committee regarding dual member-p in the State and National Associa-n be adopted. Carried.

t was regularly moved and seconded t the State Association approves of the lowing resolution:

WHEREAS, Certain benefits will accrue the membership of this Association by loser affiliation with the American In-strial Lenders' Association, and

WHEREAS, The American Industrial nders' Association, through its chair-n, Mr. William Young, has expressed desire to consummate such an affilia-n, and

WHEREAS, At the last regular meeting this Association, held in Newark, rch 22, 1927, Mr. Young expressed the sibility of the American Industrial nders' Association accepting an ar-gement for a dual membership in both ociations, now,

Therefore, The N. J. I. L. A. recom-nds that, pursuant to the by-laws of s association, the proper steps be taken inform the American Industrial Lend-' Association that this association will ept an agreement whereby the dues of dual membership in both associations uld not exceed $1.00 per thousand dol-s of loans outstanding with a minimum nual charge of $10.00, and

Further, The Association recommends, t the proposed agreement should pro-e that separate membership in either ociation by any licensed lender in the ate of New Jersey will not be accepta- to either association. Carried.

Rules were suspended for the purpose electing a Treasurer to fill the va-ncy created by the resignation of Mr. gene Woodburn.

t was regularly moved and seconded t Mr. N. R. Matthews be elected to fill vacancy on the Executive Committee d that he be made Treasurer. Carried. After a ballot had been cast by the cretary, he reported that Mr. Matthews d been unanimously elected as Treas-er of the Association.

It was regularly moved and seconded t the New Jersey Industrial Lenders en an account with the Central Home ust Company of Elizabeth, N. J., and t the Treasurer, N. R. Matthews, be thorized to deposit money and draw cks on the account for the Association. rried.

NEW BUSINESS

A telegram from C. E. Durnell, Pub-ity Chairman of the A. I. L. A., was id, wishing the N. J. I. L. A. a suc-sful convention, and extending an in-ation to all members to attend the rteenth annual convention of the A. I. L. A. at Indianapolis, September 14-15-16. The Secretary was requested to acknowledge telegram with thanks.

It was regularly moved and seconded that the chairman, J. C. Van Horn, be sent as a delegate to the National Convention, and in an event of his inability to attend, the Secretary be substituted. Carried.

It was regularly moved and seconded that the next quarterly meeting be held at Atlantic City, October 13, 1927. Carried.

It was regularly moved and seconded that the Emerson Loan Society of Elizabeth be elected to membership. Carried.

It was regularly moved and seconded that the Lyndhurst Loan Company, Inc., of Lyndhurst, N. J., be elected to membership. Carried.

It was regularly moved and seconded that the Ideal Finance Association, Inc., of Newark, N. J., be elected to membership. Carried.

The Secretary called the members attention to a ruling by the Department that required all advertisements to carry the license number of the lender.

It was regularly moved and seconded that the Chairman appoint a committee of three men to wait upon the Department regarding the above ruling. Carried.

Chairman Van Horn appointed Messrs. Watts, Mueller and Buchman as a Committee to wait upon the Department regarding the ruling.

It was regularly moved and seconded that the Association send a letter of sympathy to Mr. A. J. Simonson and family, expressing their deepest sympathy to them in the loss of Mrs. Simonson. Carried.

The Secretary reported that such a letter had been forwarded.

A motion was made to adjourn.

VERNON L. BUCHMAN, *Secretary.*

OHIO

Nineteen Twenty-Seven Mid-Summer Convention, Ohio Industrial Lenders Association, Cincinnati Headquarters, Hotel Gibson—August 17, 18, 1927.

BULLETIN No. 17

It all depends on you. The Mid-Summer Convention to be held at Cincinnati as per above will be just what you help to make it. You will remember it was the consensus of opinion that we try out the plan of holding these meetings in different cities for the purpose of stimulating local interest in industrial lending, and now the experiment is on trial.

We had a meeting in Cincinnati Tuesday, July 26th, and we know that the Cincinnati boys are going to show us a good time.

Mayor Seasongood will make the Address of Welcome. There will be a short, snappy business session on Wednesday afternoon. Then we will take the boat up to Coney Island for the big eats and dance. There will be but one banquet speaker, Mr. John L. Shuff, Manager of The Union Central Life Insurance Company, of Cincinnati. He is said to be a bright, witty speaker, who cuts out the heavy stuff and has due regard for the fact that August is no time for long speeches.

Timely topics have been arranged for the Manager's Meeting on Thursday. All papers will be limited to ten minutes and the discussion must be short and to the point.

There will be a Convention Luncheon at the Gibson Hotel on Thursday at 12:30 o'clock, after which the ladies' party will journey to the Zoological Gardens for a study of evolution.

No doubt you will drive to the Convention; Sycamore-Hammond Garage has been selected as the official garage at a reduced rate. Drive directly to the Gibson Hotel where a representative of said garage will take your car and issue you a claim check.

The first session of the Convention will be called to order promptly at 1:00 o'clock P. M., Wednesday afternoon, August 17th.

Some day you may be having a convention in your own town. Sit down today and write a letter to Clifford J. Felix, 602 Atlas Bank Bldg., Cincinnati, Ohio, and tell him you are coming. They will be glad to hear from you to know that you are appreciating the efforts they are putting forth.

COL. D. H. POND, *Pres.*,
J. FRED ANDERSON, *Sec'y.*

PENNSYLVANIA

A meeting of the P. I. L. A. was held at the Glen Valley Country Club, Reading, Pa., on Wednesday July 20, 1927.

The meeting was called to order by Chairman Webster, and upon motion of Mr. Hart, seconded by Dr. Mueller, the reading of the minutes were ordered approved as distributed.

Upon motion of Mr. Watts, seconded by Mr. Reeves, the roll call was dispensed with.

REPORTS OF OFFICERS

Chairman Webster reported progress, and stated that the present meeting was the largest meeting ever held outside of the annual meetings in Philadelphia held in the fall.

The treasurer J. F. Devine, reported in detail receipts and disbursements since the last meeting showing a satisfactory balance on hand.

Upon motion of Mr. Ezekiel, seconded by Mr. Zwalley the Treasurer's report was approved and ordered spread on the minutes.

Acting Secretary Buck Reported:

Membership, May, 1927 meeting....	142
New members elected, May meeting.	4
Total membership	146
Members dues paid to date	145
Delinquent	1
Total	146

Upon motion of Mr. Kehr, seconded by Mr. Young, the secretary's report was approved and ordered spread on the minutes.

EXECUTIVE COMMITTEE

Chairman Watts, reported that there not having been anything to come before the Executive Committee, it was not necessary to hold a meeting, consequently nothing to report.

LEGISLATIVE COMMITTEE

Chairman Kehr, reported that Legislature had adjourned and that there had been nothing done, or any bills presented that made any change in our business.

Upon motion of Mr. Reichner, seconded by Mr. Shuster, the Legislative Committee's report was ordered spread on the minutes.

PUBLICITY COMMITTEE

Chairman Moore reported that they had secured good news releases for the present meeting in the Reading papers, and at this time Chairman Webster took this occasion to commend the Publicity Committee for their untiring work.

Upon motion of Dr. Mueller, seconded by Mr. Irion, the report of the publicity committee was ordered spread on the minutes.

MEMBERSHIP COMMITTEE

Chairman Moss reported that the work of the Membership Committee was progressing nicely and that the Committee having been authorized to employ a man to solicit memberships for the Association, had employed W. S. Wright who had been meeting with unusual success and that there were twenty-two applicants to be voted on today. Mr. Wright at this time took the floor and related his experiences in contacting the different licensees with respect to joining our body. The membership committee and Mr. Wright were commended for their efforts.

Upon motion of Mr. Young seconded by Dr. Mueller the action of the membership committee was ratified in taking liability insurance on Mr. Wright's automobile, and were further empowered to take out compensation on Mr. Wright.

VIGILANCE COMMITTEE

There being no report from Chairman Fahringer, Mr. Buck in the absence of the Secretary, read a report of the activities of the Vigilance Committee in Philadelphia.

Mr. Young at this time submitted a brief of a case involving the Mutual Loan System and a borrower, which being decidedly unethical was thought of sufficient importance to bring to the attention of the Banking Department, and upon motion of Mr. Bachofer seconded by Mr. Mitchell the secretary was instructed to present the case to Mr. Orth.

Upon motion of Mr. Holworth seconded by Mr. Lyons, the Vigilance Committee report was ordered spread on the minutes.

ENTERTAINMENT COMMITTEE

Mr. Gatter reported as Chairman that plans were now being made for the Annual convention and banquet to be held at the Bellevue-Stratford Hotel, Philadelphia, on November 10, 1927. Upon motion of Mr. Ezekiel, seconded by Mr. Moss, the Treasurer was ordered to forward a check towards expenses of the Annual Meeting.

Upon motion of Mr. Wright seconded by Mr. Mahoney, the report of the Entertainment Committee was ordered spread on the minutes.

SPECIAL COMMITTEES

NEWSPAPER COMMITTEE

Mr. Moss, Chairman, reported that he, together with Mr. Moore and Mr. Devine had contacted the Bell Telephone Company with regard to a special heading for our advertising in their Philadelphia book, and that they were told that the only way it could be done was to pay for the heading which would cost $69.00 per month.

Upon motion of Mr. Ezekiel, seconded by Mr. Gatter, the committee's report was ordered spread on the minutes, and the committee discharged with thanks.

ATTORNEY COMMITTEE

Mr. Young reported that there had been no need of employing counsel up to this time, but requested the committee be continued. Upon motion of Mr. Devine, seconded by Mr. Bachofer the committee is to be continued until they shall have accomplished their purpose.

NEW BUSINESS

A telegram was read from C. E. Durnell, Chairman of the Publicity Committee of the A. I. L. A., extending felicitations to our meeting and urging all to come to the Indianapolis Convention of the A. I. L. A. in September and partake of Hoosier hospitality.

Mr. Ezekiel at this time took the floor and advocated inviting the A. I. L. A. to hold their next annual meeting to be held in 1928, in Philadelphia. Considerable discussion was held as to the advisability of such action, and it was ultimately decided that we not being prepared for the 1928 convention, to invite it to be held in Philadelphia in 1929.

Upon motion of Mr. Kehr, seconded by Mr. Hart, a committee appointed by the Chairman was urged to make all necessary plans to have the convention held in Philadelphia in 1929, and a sum of $500.00 was ordered placed at the disposal of Mr. Hart, who was made Chairman of the Committee, with instructions to select his own Committee, and secure the proper propaganda.

RESIGNATIONS AND NEW MEMBERS

A letter was read from the Newark Cash Credit Corporation requesting the name of their offices be changed on our records to the Penna. Cash Credit Corp.

A letter was read from the Beneficial Operating Bureau, in which they stated that the American Loan Co. of Wilkes-Barre having merged with the Beneficial Loan Society of Wilkes-Barre, they desired to submit the resignation of the American Loan Co. of Wilkes-Barre.

Upon motion of Mr. Hart, seconded by Mr. Lyons, the names of the Newark Cash Credit Corp. were ordered changed on our records to the Penna. Cash Credit Corp. and the resignation of the American Loan Co. of Wilkes-Barre, was accepted with regret.

The following applications for membership were read:

Curry & Gardner Inc., 44 N. 4th St., Philadelphia.

Market St. Loan Co., 5641 Market St., Philadelphia.

S. R. Weaver Inc., 1211 Chestnut St., Philadelphia.

Woodland Loan Society, 6351 Woodland Ave., Philadelphia.

Home Aid Corp., 710 Lincoln Bldg., Philadelphia.

Personal Finance Co. of Braddock, 814 Braddock Ave., Braddock.

Beneficial Loan Society of Pittston, 50 N. Main St., Pittston.

Franklin Loan Co., 3224 Market St., Philadelphia.

Providers Association, 5911 Latona Ave., Philadelphia.

Peoples Finance Society, 226 S. 15th St., Philadelphia.

Interstate Service Corp. of Easton, 12 Centre Square, Easton.

Universal System of Chester, Inc., 317 Crozer Bldg., Chester.

Norman Investment Co., N. W. Cor. 12th St. and Girard Ave., Philadelphia.

Lewis Einhorn, 804 Bankers Trust Bldg., Philadelphia.

Douglass Loan Co., 910 Bankers Trust Bldg., Philadelphia.

Public Finance Service, Inc., 419 Northampton St., Easton.

Pennsylvania Cash Credit Corporation 715 S. 52d St., Philadelphia.

Cosmos Finance Co., S. E. Cor. Broad and Spring Garden Sts., Philadelphia.

Security Loan Co., of Lancaster, 343 Woolworth Bldg., Lancaster.

Penn Mutual Loan Society, 634 Penn St., Reading.

Northeastern Mtgs. & Finance Co., 702 Shubert Bldg., Philadelphia.

West Philadelphia Loan Society, Inc. 112 S. 52d St., Philadelphia.

Upon motion of Mr. Mahoney, seconded by Mr. Young, all the above named companies were elected to membership.

Upon motion of Mr. Kehr, seconded by Dr. Mueller, the Secretary and Chairman were appointed delegates to the Indianapolis Convention in September, and the expense of themselves and their wives to be paid by the Association.

At the dinner held in the evening, we had the pleasure of listening to Judge Robert S. Mays who spoke to us on "Fair Play." Judge Mays' talk was splendid and was well received by the members.

Dr. Mueller took this time to speak of the splendid entertainment of the Reading members for their untiring efforts in making the day a success, and upon motion of Mr. Moore, seconded by Mr. Moss, a rising vote of thanks was tendered the Reading members for entertaining us.

There being no further business to come before the body, a motion was made and seconded that we adjourn.

W. F. BUCK, *Acting Secretary.*

VIRGINIA

The small loan business has continued to grow in Virginia, as will appear from the following data, obtained from reliable sources.

On December 31, 1921, there were twenty-six licensees in Virginia with a capital of $1,000,000.

December 1922, twenty-seven licensees with capital of $1,457,468.

December 1923, thirty-two licensees with capital of $1,826,809.65. Average net earnings of 10.22%.

December 1924, thirty-five licensees with capital of $1,975,757.07, thirty-one of whom had operated for the full year with capital of $1,836,763.02. Average net earnings of 8.87%.

December 1925, thirty-six licensees with capital of $2,226,234.76, thirty-three of whom had operated for the full year with capital of $2,194,789.33. Average net earnings of 11.58%.

December 1926, thirty-nine licensees with capital of $2,641,079.02, thirty-four of whom had operated for the full year (two small ones at a loss), with capital of $2,583,600.53. Average net earnings 12.43%.

These figures are made up from the sworn statements of the licensees.

For the year beginning May 1, 1927 we have issued forty-two licensees. This is the high water mark for Virginia.

Thus it will be seen that there has been a steady increase of the capital in the small loan business in this state and that there is no dearth of licensees.

There appears to have been a gradual increase from year to year, with the exception of 1924, which exception is due in part we believe to losses of a peculiar and extraordinary nature by some of the licensees.

ALTIMORE LAWYER TO RECEIVE LL.D. DEGREE AT AGE OF 26

The honorary degree of doctor of laws is conferred on Wallace Groves, a Baltimore lawyer, by Ursinus College, Collegeville, Pa.

Mr. Groves is 26 years old and will be the youngest person ever to have received such a degree in the United States, it was said. He is a son of Mrs. Minnie Groves, 225 Northway, Guilford, and the late James S. Groves, of Virginia. He is a member of the Baltimore Country Club, the Maryland Club and the Merchant's Club.

Business Success Cited

The honorary degree is to be conferred because of the unusual financial and business success he has achieved at his age."

Although Mr. Groves practices law in Baltimore, he is interested in several business enterprises in Washington and Virginia. He has been a resident of Baltimore for less than three years. He lives with his mother in Guilford.

Other Degrees Received

Mr. Groves is a graduate of Georgetown University. In five years of study he received the degree of bachelor of science, bachelor of laws, master of arts and master of laws. The normal time for the taking of the courses for the five degrees is ten years.

The degrees were earned while he worked his way through college.

Early yesterday Mr. Groves went to Atlantic City, where he intends to remain until tonight or tomorrow morning, when he will motor to Collegeville to receive the degree.—*Baltimore Sun, June 1927.*

[Among his many interests, Dr. Groves is president of the American Small Loan Co., which is a member of the Maryland, Virginia and American Industrial Lenders Associations, with offices in Mt. Rainer, Md., Alexandria and Petersburg, Va. We congratulate him upon this distinguished honor.—*Editor.*]

JUDGEMENT NOTES MAY BE FOUND WORTHLESS

Fear that thousands of judgement notes entered in courthouses in all parts of Pennsylvania are invalid, was expressed here today, after a decision of the state superior court in the case of the Allentown National bank vs. J. H. Rhodes, was made public.

The ruling upheld the striking off of a judgment because no certificate of residence had been filed by the plaintiff, as required by state law. It had been a common practice throughout the state, it was generally believed here, to file judgments without the certificate of residence, the law being unfamiliar to the great majority. The court's ruling places great numbers of similar documents in question, it is thought.

TO CURB MONEY LENDERS

The bill to regulate money lending finally passed the House of Commons today, the assent of all parties having been secured after many years of effort. It limits the rates of interest which may be charged and contains clauses designed to prevent the issue of seductive circulars by money lenders under pretentious names.

One such circular which was read in the Commons by the Rev. C. Stephen, Labor member from Scotland, read as follows:

"I am pleased to see through the press the safe arrival of your little son and I trust most sincerely you are both making satisfactory progress. How pleased and relieved you must be to feel that the little mite (spelled "might") is a boy. At the time when you are rejoicing over his arrival, you may be pleased to know that if you are in financial difficulties I am prepared to grant any sum from £3 upwards to you and your little son."—*N. Y. Times, July 2, 1927.*

"Because of credit," Mr. Robt. Money, of the Capitol Loan Co., began, "thousands and thousands of men and women have been able to marry, build their home and furnish it. This is the first step in the development of good citizenship.

Our citizens have become known as the best-dressed people on earth, because of credit. The electric washer and iron have robbed wash-day of its drudgery, and the electric sweeper has made housecleaning a joy.

Not only is this true, but it has been said that from seventy-five to one hundred million dollars are advanced, each year, by lenders, for paying bills of merchants, physicians, etc."—*Shelbyville Ind. Republican.*

NEW A. I. L. A. MEMBERS

Add these to your 1926 Year Book Directory:—

Franklin Finance Corporation, 6255 S. Ashland Ave., Chicago, Ill.

American Small Loan Co., 101 N. Sycamore St., Petersburg, Va.

Lincoln Loan Co., 914 Consumers Bldg., Chicago, Ill.

Guarantee Loan Co., 209 N. Liberty St., Baltimore, Md.

Popular Finance Corporation, 3636 N. Broad St., Philadelphia, Pa.

First Security Co., Columbia and Oak Sts., Union City, Ind.

Ft. Wayne Loan & Discount Co., 301 Bass Block, Ft. Wayne, Ind.

Mayflower Loan Co., 329 Paul Brown Bldg., St. Louis, Mo.

Mayflower Loan Co., 202 Waldheim Bldg., Kansas City, Mo.

Industrial Finance Co., Inc., 724 13th St., Union City, N. J.

Metro Loan Co., 1025 Ambassador Bldg., St. Louis, Mo.

Greater Camden Loan Co., 32 N. 5th St., Camden, N. J.

Plymouth Plan Industrial Loan Co., 60 Park Place, Newark, N. J.

C. M. Mott, 138 William Ave., Bellevue, O.

General Loan Co., 430 Paul Brown Bldg., St. Louis, Mo.

A NEW LENDER'S PUBLICATION

Last month we were pleased to receive the first copy of the Ohio Industrial Lenders News, published by the Ohio Industrial Lenders Association, in which this editorial by the editor Bert D. Strang appears:

"This is the first issue of The Ohio Industrial Lenders News.

"It is the official publication of the Ohio Industrial Lenders Association.

"It is designed to acquaint the entire public with the very valuable service rendered by Industrial Lenders and to keep the members of the association informed as to the association's activities.

"The Ohio Industrial Lenders News hopes to grow and increase in usefulness, to render a real service and to justify its existence.

"The editor, while expressing regret for the shortcomings of the first number, begs the indulgence of everyone into whose hands a copy of the publication may fall, and solicits the advice and coöperation of all those who are interested in the work that is being done by the members of the Ohio Industrial Lenders Association."

We congratulate the Ohio Association on being the first State Association to issue a monthly publication and if the standard of the first number is maintained in subsequent issues, we believe this publication can be made very useful to the lenders and public.

The first number has many interesting features among which might be mentioned, Colonel Pond's editorial, Dr. Charles G. Mueller's article, "Is Industrial Lending Constructive?" and "Industrial Lending," by a Member of the Ohio Bar.

RAISE THE PEAKS—LEVEL THE VALLEYS

N. A. Winter, Des Moines, Iowa

Money needs are not seasonal. Of course, there are some times during the year when the demand is stronger than at others, but there is always a steady call for loans.

Why, then, do Small Loan Companies make a half hearted effort to get business during the summer and then say there is no business? When conditions seem to be the worst is when you should fight the hardest. Too many are willing to let the profit from the good months carry them over the poor ones. How much better it would be if the good months paid their regular profit and the poor months increase their profits to more nearly normal.

One of the best ways of doing this is by advertising systematically and consistently. The valleys in your profits can be filled up and the peaks raised even higher. By advertising *consistently*, I mean just that—one shot never won a battle nor one jerk, a tug-of-war.

Of course, our advertising must be carefully prepared. Trick phrases may sound smart, but when people borrow money, they have a reason for doing so. Sound, business-like reasons are what they want to see.

Newspaper advertising reaches a great number daily with a message about your service. It gives them more confidence when they see your name with that of other reputable advertisers. Also it instills public confidence in your company.

Direct mail and house-to-house distribution of folders are two more indispensable and economical means of advertising. The former goes to a carefully selected list and is almost as personal as talking to them. The latter way places a description of your service in the hands of prospects so that when they read it there is nothing else to attract their attention. Also his way of distribution is inexpensive.

Forget that there is supposed to be a

summer slump or any other kind of a slump. The business is there, but you have to work harder to find it. Make each month pay its legitimate profit or find the reason—not an excuse.

NOTICE

Pursuant to the requirements of Article XIX of the Constitution of the American Industrial Lenders Association and of Article V of the By-Laws of the said Association, notice is hereby given that, at the Annual Meeting of the said Association to be held in Indianapolis, Indiana, on September 14, 15 and 16, 1927, there will be proposed the following amendments to the said Constitution and By-Laws, to wit:

1. An amendment striking out all of the said Constitution and adopting in its place the Constitution set forth at the end of this notice.

2. An amendment striking out all of the said By-Laws and adopting in their place the By-Laws set forth at the end of this notice.

3. Such other and further amendments and additions to all or any part of the said Constitution and By-Laws as may be proposed at the said meeting.

4. Special notice is hereby given that a complete revision of both of the said instruments is proposed for submission to the said meeting and action thereon; all interested persons are required to be present at the said meeting to submit such amendments or additions as they may desire to have acted upon. To clear the way for such a revision, notice is also hereby given that an amendment will be proposed at the said meeting wholly repealing the said Constitution and By-Laws.

CONSTITUTION

ARTICLE I

Name

The name of this Association is "The American Industrial Lenders Association."

ARTICLE II

Purpose

The purpose of this Association is to encourage the business of making small loans for necessary and useful purposes at reasonable rates of interest; to advocate the enactment of laws designed to regulate and foster such business; to assist in the enforcement of such laws; to encourage and maintain strict truthfulness in the advertising of lenders; to bring about coöperation with state officials and obedience to their lawful rulings and regulations; to exchange and disseminate information concerning such loans, such laws and such business; and to discourage unnecessary or extravagant borrowing.

ARTICLE III

Members and Memberships

1. All persons, firms and corporations engaging in the business of making small loans under regulatory laws and favoring laws approved by this Association or doing business under regulatory laws and obeying the same shall be eligible to regular membership in this Association; any regular member who is so engaged in business in more than one loan office shall be eligible to one regular membership for each such office and shall be required to apply for one membership and pay the dues thereon for each such office.

2. All persons, firms and corporations subscribing to and advocating the purposes of this Association shall be eligible to associate membership.

3. Any eligible person, firm or corporation shall become a member holding a membership of the appropriate class upon receiving the vote of a majority of those present at any regular or special meeting of the Executive Committee or upon receiving a majority vote at any meeting of the Association and upon paying to the Treasurer the pro rata share of the dues for such membership for the period expiring with the next succeeding date for payment of dues.

4. Any member may be expelled as to any one or more memberships by a majority vote at any meeting of the Association.

5. Any member may at any time resign as to any one or more memberships by filing a written resignation with the Secretary.

ARTICLE IV

Voting

1. Each regular member shall be entitled to one vote in all meetings of the Association for each regular membership in good standing which he or it holds. Associate members shall have no vote. Votes must be cast in person by the member, if an individual, or by one or more duly accredited representatives, if a firm or corporation. Votes shall not be cast by proxy.

2. In case of any dispute as to whether a membership is in good standing or as to who is entitled to cast a vote or votes for one or more memberships, the decision of a majority of the members of the Executive Committee shall be final.

ARTICLE V

Dues

1. The annual dues per membership for each regular member shall be the sum of fifty cents per thousand of average loan balances outstanding during the preceding calendar year, provided that such dues shall not be less than twenty dollars nor more than one hundred dollars; any regular member may elect to pay the maximum dues for any one or more memberships without disclosing the average loan balance outstanding for said membership.

2. Regular membership dues shall be payable semi-annually in advance, on February first and August first, to the Treasurer.

3. The annual dues for each associate member shall be ten dollars, payable annually in advance on February first, to the Treasurer.

ARTICLE VI

Officers

The officers of this Association shall be a President, Vice-President, Secretary and Treasurer.

The officers shall be elected by a majority vote at the annual meeting and shall hold office until their successors shall have been elected and qualified; the officers shall have such duties and powers as shall be prescribed herein and in the By-Laws.

ARTICLE VII

Executive Committee

The Executive Committee shall consist of the officers and the Chairmen of all Standing Committees; the Executiv Committee shall have full power t manage, govern and direct the affairs o this Association in the interim betwee meetings thereof, including the power t fill vacancies among the officers an Chairmen of Standing Committees an such other duties and powers as may b prescribed herein and in the By-Laws.

ARTICLE VIII

National Council

The president or Chairmen of all Sta Associations of Lenders which hav among their members any members o this Association, together with the office and Chairmen of the Standing Con mittees of this Association, shall const tute the National Council of this Ass ciation; the National Council shall hav such duties and powers as are prescribe herein and in the By-Laws.

ARTICLE IX

Standing Committees

The Standing Committees of this A sociation shall be as follows: Auditin Finance, Law, Legislation, Membershi Publicity and Vigilance. Chairmen o Standing Committees shall be elected by majority vote at the annual meetings a shall hold office until their successo shall have been duly elected and qualifie Each chairman of a Standing Committ shall have power to appoint upon his co mittee such persons, including no members, as he shall see fit.

ARTICLE X

Meetings

1. The annual meetings of this Ass ciation shall be held at such times a places as may be determined by the E ecutive Committee; thirty days' notice the time and place of such meetings sh be given by publication in the official o gan, if any, or in writing mailed by t Secretary to each member at his or last address as shown on the Secretar records.

2. Special meetings of this Associati shall be called at any time and place the Secretary upon the written request the Executive Committee and shall called by the Secretary upon the writt request of any eight members of the N tional Council; special meetings shall held only upon ten days' written not of the time, place and purpose there mailed by the Secretary to each meml at his or its last address as shown on t Secretary's records; those present at a special meeting may by three-fourt vote act upon matters not set forth the notice calling said meeting.

ARTICLE XI

Expenditure of Money

Neither the Executive Committee r any officer or member of the Associati shall have authority to incur any de obligation or liability for or on behalf the Association or any of its members b yond the money actually in hand, exc upon three-fourths vote of all the me bers of the Association.

ARTICLE XII

Statements of Policy

No public statement by any officer member of this Association shall be

ied in the name or under the authority the Association unless and until the me has been approved in writing by a ajority of the Executive Committee.

ARTICLE XIII

Amendments

This Constitution may be amended, lded to or wholly annulled by a ma-rity vote at any meeting of the Asso-ation, provided that a majority of all e members of the Executive Committee e present at such meeting, or by a two-irds vote at any meeting of the Asso-ation regardless of the presence of any embers of the Executive Committee.

BY-LAWS

ARTICLE I

Officers

(1) The President shall preside at eetings of the Association and of the xecutive Committee and of the Na-onal Council and shall perform such her duties as may be prescribed by the xecutive Committee.

(2) The Vice-President shall perform ie duties of the President in his absence, ailure or inability to act, and shall per-orm such other duties as may be pre-cribed by the Executive Committee.

(3) The Secretary shall keep minutes f all meetings of the Association and of ie Executive Committee and of the Na-onal Council, and keep a record of the iembership of the Association; send out ll notices of all meetings of the Asso-iation and of the Executive Committee nd of the National Council, and have ustody of all books and records of the ssociation, and perform such other du-es as may be prescribed by the Execu-ve Cmmittee.

(4) The Treasurer shall receive all iembership dues, have custody of all As-ociation funds, pay all Association obli-ations subject to such regulations as the xecutive Committee shall prescribe, and ccount to the Association for all receipts nd disbursements, and perform such ther duties as may be prescribed by the xecutive Committee.

ARTICLE II

Committees

(1) The Executive Committee shall, ubject to the instructions of the Asso-iation, have power to prescribe the du-es of all officers and of all standing and pecial committees, and to order mail bal-ots among the members, and to fix the ompensation, if any, of all officers and mployees of the Association; it shall ave such further powers as may be pre-cribed, from time to time, by the Con-titution and By-Laws.

(2) Standing Committees shall have uch duties as may be prescribed by the xecutive Committee.

ARTICLE III

National Council

(1) The National Council shall nomi-ate all Officers and Chairmen of all tanding Committees and all other per-ons to fill elective offices for balloting hereon by the member; the National ouncil may nominate such number of ersons for each such office as it may see t but nothing herein contained shall be eemed to prevent nominations from the oor for any such office.

(2) The National Council shall act as the advisory board of this Association and may make such recommendations to Officers, Chairmen of Standing Committees and the Executive Committee as it shall see fit.

ARTICLE IV

Meetings

(1) The Executive Committee and the National Council shall meet upon the call of the President or of any three members of each body respectively at such times and places as may be necessary or appropriate.

(2) A quorum of the Association shall consist of a majority of the memberships in attendance at any meeting. A quorum of the National Council or of the Executive Committee shall consist of a majority of the members of each body.

(3) Reports shall be made at every annual meeting of the Association by or on behalf of the President, Secretary, Treasurer, Executive Committee and Chairmen of all Standing and Special Committees.

(4) Cushing's Manual of Parliamentary Law shall govern all meetings of the Association and of the National Council and of the Executive Committee.

(5) At all meetings of the Association the order of business shall be:

1. Call to Order by the President.
2. Address of Welcome and replies.
3. Reading of the Minutes of the last meeting.
4. Reports of Officers.
5. Report of Executive Committee.
6. Reports of Standing Committees
7. Reports of Special Committees.
8. Unfinished Business.
9. New Business.
10. Nominations and Elections.

ARTICLE V

Fiscal Year

(1) The fiscal year shall end on the last day of the month preceding the date of the annual meeting and the annual report of the Treasurer shall cover the year end ng on that date.

(2) The Auditing Committee shall audit the Treasurer's books not less than once annually and shall certify to the Treasurer's annual report.

ARTICLE VI

Mail Ballots

(1) Any question which might properly come before any meeting of the Association, the Executive Committee or the National Council may be balloted upon by the members of each body respectively by mail and the result of such ballot shall be as conclusive as though taken at such meeting, provided that no mail ballot shall be taken except upon ten days' notice to all members of the Executive Committee and the written consent of at least five members thereof.

(2) The Secretary shall take all mail ballots of the Association by mailing to each regular member in good standing at his or its last known address on the records of the Association a written ballot containing the question to be voted upon and spaces for the marking of "Yes" or "No" and a space for the signature of the member.

Mail ballots of the Executive Committee and of the National Council shall be similarly taken among the members of each such body.

(3) No motion shall be declared passed upon by mail ballot unless a majority of all those having voting power thereon shall vote in the affirmative and the Secretary shall receive such affirmative votes within twenty days from the mailing of such ballots. In case of any dispute as to the result of any mail ballot the decision of the Executive Committee shall be final.

ARTICLE VII

Amendments

These By-Laws may be amended, added to or wholly annulled by a majority vote at any meeting of the Association, provided that a majority of all the members of the Executive Committee are present at such meeting, or by a two-thirds vote at any meeting of the Association regardless of the presence of any members of the Executive Committee.

THE UNIFORM SMALL LOAN LAW

A Triumph of Practical Economics

BY FRANKLIN W. RYAN

The history of economic thought has been the story of the search for truth regarding the pecuniary relations between nat ons, institutions and individuals. It really began with the controversy over usury among the nations of antiquity and today after thousands of years this conflict is still with us. Whether legislatures should pass laws to fix maximum rates of interest on loans has puzzled philosophers and statesmen for centuries. The Chaldeans and Hindus had laws against usury, Aristotle denounced it in ancient Athens, the Romans enacted legal maxm ums for loan charges, while in the record of nearly every nation, we find that society has been endeavoring since the dawn of history, to prevent greedy money lenders from exploiting the necessity and weak bargaining positions of borrowers in distress.

In the middle ages the Roman Catholic Church led the attack upon the taking of interest. Adopting the ancient reasoning of Aristotle that interest must not be collected because coins of money cannot bear offspring, together with the prohibitions in the Bible, the Church fathers unceasingly legislated against it by a long series of papal decrees, while the greatest rulers under the sway of the Church—Justinian in the Eastern Empire, Charlemagne in the Empire of the West, Alfred the Great in England, and St. Louis in France—all yielded to these ecclesiastical dictates. Money lenders were robbed and murdered by foudal lords and plundered by the Church authorities. Dante pictured them in one of the worst regions of his Inferno.

In the case of the Jews, an exception was often made. Some of the Catholic fathers declared that since the Jews were all going to hell anyway, they might as well be allowed to commit the sin of collecting interest. Others held that if the Jews could be given the monoply of money lending, it would prevent Christians from losing their souls by going into the business.

But the merchants and traders of the middle ages finally discovered methods to evade these usury laws. The Protestant Reformation brought the theological dogmas about interest up for review, and

threw them ruthlessly aside. In the seventeenth century the demands of commerce and the necessity for recognizing what was actually taking place in business, led all the trading nations to disregard the theologians and their theories and to substitute for these ecclesiastical prohibitions a new type of usury law, legalizing interest yet fixing maximum rates.

But the new laws provoked new controversies. Turgot in France proved that a legal maximum can have no power over the market price of money capital. Bentham in England, by his "Letters in Defence of Usury" demonstrated that such an attempt by legislators to control interest rates is both futile and mischievous. Walker the American economist showed that since interest is determined by the marginal productivity of capital, no legal enactment can have any effect on it. And finally, Irving Fisher proved again by his theory of interest, that a usury law will never work. Economists might disagree on marginal utility, diminishing returns or quasi-rent, but as to the futility of usury laws, there was perfect unanimity of opinion.

Yet with all this remarkable agreement among economists the American legislators went right ahead enacting more usury laws, and today forty-three states have on their books general laws fixing maximum rates which vary from six per cent up to twelve per cent, while the leading European nations have no usury laws of this kind at all.

There exists, within the bounds of the science of jurisprudence, an inarticulate evolving body of economic thought, apart from, but parallel to the systems developed by economists. It is to be found in legislative acts and in the decisions of courts. It should be studied just as it is found, for it loses in freshness and meaning if we try to dissect it out. This field of thought is juristic economics. The problem of usury arises in it. Whether society ought to enact and attempt to enforce statutory maximums for loan charges is clearly much more than a question in the theory of interest. Indeed, this problem does not properly belong to theoretical economics. It is one of the great modern questions in practical economics.

Most of the confusion of thought on usury in this country has been caused by our having two different definitions of usury. First, there is legal or statutory usury, which is simply taking more interest than the law allows. Then there is moral usury, the evil aimed at by the law, which is the exploitation or taking advantage of the ignorance or necessity of a poverty-stricken borrower to get him into a hard bargain and extort from him unduly high charges. Where the law, with its artificial formula, has not interfered, moral usury is the only usury, but in the United States, the true definition has been obscured and lost sight of by this false legal definition so that when a usury case comes to trial the real issue cannot be raised.

All these laws in the United States were enacted by legislatures on the legal principle that where the two parties to a loan are in unequal bargaining positions, the state is justified in using its police power to prevent exploitation of wage-earners. Upon this theory our lawyers and legislators have persistently defended the laws against all attacks. Moral usury is clearly the evil against which such laws were enacted. Furthermore the argument that a price-fixing law cannot interfere with a loan bargain does not apply where there has been an artificial interference with the free interplay of demand and supply. A statutory maximum becomes justified when it operates, not to hinder or obstruct the natural operation of these economic forces, but to remove obstructions that stand in the way of the formation of fair exchange values, or to place the two parties to a loan in more comparable bargaining positions.

But to say that the juristic theory of a usury law is logically sound is not at all the same as saying that usury laws will work. It is notorious that general usury laws do not work and never did work, that they are harmful in their effects and that they are generally evaded and ignored. But proving their futility is not enough. Some kind of machinery must be built up that will accomplish just what the theory of the laws says it must do.

This problem of how to eliminate moral usury, which has puzzled the world for three thousand years, has at last been solved. The answer was worked out, not by academic economists but by social workers and legislators. It is a triumph of practical economics. An earnest group of men not classed as economists overcame the difficulties and put the new machinery into operation.

They saw in the living functioning structure of American economic society a chronic disorder caused by unsound legislation. They diagnosed the case and found that the smooth interplay of economic forces was being obstructed. They went to the cause and removed it. They took the "empty economic box" of hollow theorizing about interest and usury and filled it with content and meaning. They replaced guesswork with facts. They found that that part of a loan charge which causes it to be regarded as usurious is never interest at all.

Credit for this great achievement belongs largely to the Russell Sage Foundation an endowed philanthropy of New York City. This organization through its Division of Remedial Loans, conducted the research work by which the causes of the difficulty were found.

A general usury law with its blanket statutory maximum for all kinds of loans without differentiation, defeats its own social purpose. It aims to destroy moral usury or exploitation, but this rigid empty formula that usury is simply the taking of more interest than the law allows, sidetracks and delays the solution of the problem. If the maximum is rigidly fixed at six, eight, ten or twelve per cent, as is typically done by the state general usury laws now on the statute books, there will be numberless cases legally defined as usurious which are not really usurious at all. These legal economists of the new school discovered that moral usury cannot occur in large commercial and investment loans but typically happens in consumers' small loans under $300 where the loan charge is figured to cover mainly overhead expenses and indemnity for losses and is therefore principally not in the nature of an interest charge.

The new Uniform Small Loan Law sponsored by the Russell Sage Foundation is the legal mechanism which has been set up in all the leading industrial states except New York. Instead of prescribing a general maximum for all kinds of commercial, investment and consumers' loans, the law operates only in the fi of consumers' small loans where mo usury typically occurrs. Its maximu of three per cent and three and one h per cent a month are based upon stat tical studies of the actual expenses of loan business. It has effective adm istrative devices to prevent usury. measures the wrong quantitatively or scientific basis. At a minimum of pense, it makes justice available to poor. It saved $4,000,000.00 to the b rowing workers in Illinois in the fi year after its enactment, and it is es mated that fully $100,000,000 has b saved to them since 1914 by this new ty of legislation.

The man who lends one hundred d lars to his fellow man who desperat needs it for a month and who char him three dollars and fifty cents there and makes a profit of less than a dol on the transaction, is not a usurer loan shark in any true sense of the wo He is rather a benefactor. He is no usurer since his net profit is no more th a fair remuneration for the service r dered, and since instead of exploiting borrower, he is extending to him p cisely the financial assistance that needs—a help which no commercial savings bank is prepared to give.

The small loans field has thus beco the battleground of this issue and out the clash in opinion, a clearer concept of the truth is dawning which promi to be another step toward a more ratio handling of our whole usury probl Public opinion, hitherto misled by ancient prejudices concerning usury confused by the hue and cry raised ignorance and a false sentimentality, had time to see the deplorable results its own zeal in forcing the passing unsound legislation, of which the cl effect has been to prohibit the law—al ing money lenders from legitimately ploying his capital in this field.

On the other hand, the legislatures those states which have faced facts have dealt with the problem in a scient manner, are now realizing that wit their jurisdictions, the new plan of re lation with a fair loan charge geared the actual expenses and risks of the b ness, has permitted honest capital to m loans honorably, has lifted the wh situation out of the mire up on to plane of legitimate banking service, exterminated exploitation, moral us and all the untold tragedy that neces and ignorance have suffered at the ha of unscrupulous cunning and gr Thus legal science has been accelera in its forward march of progress economic science been enriched in search for truth.

And when at last our American eco mists and jurists shall come to a realization that the legal theory as as the economic purpose of a usury is to destroy moral usury and not me to fix the market rate of interest, w they shall see that this evil can be p tically eliminated from any state by enactment and enforcement of the Uniform Small Loan Law, that the general usury laws are not only unsc tific but mischievous and detrimental their effects upon commercial and in trial society—when all this shall h come to pass—then the day will not far distant when the deplorable costly errors of these old anachroni statutory maximum shall be rectified this age-long juristic and economic troversy shall be settled.

CECIL B. DE MILLE ACCUSED OF USURY

The Julian Petroleum Corporation tock scandal penetrated more deeply into ne ranks of prominent men today when Cecil B. DeMille, millionaire film producer and bank director, was charged ith usury.

The complaint was issued by Dr. E. J. ickley, City Prosecutor, who is conucting a second investigation into alleged surious participation by scores of men n refinancing Julian Pool loans.

A second complaint was issued against . Banks, attorney, also charging usury.

A city official was threatened by Dr. ickley with involvement when the prosecutor said he was investigating dealings hich Walter B. Allen, Los Angeles Harbor Commissioner, had with the collapsed Julian corporation.

The complaint against the movie producer charges that De Mille lent the orporation $62,000 for forty-five days, ollecting interest of more than 20 per ent, or about $12,000.

Already more than fifty persons have een indicted by the Grand Jury for conection with overissue of stock in the orporation and pool manipulations. Among them are some of the most promnent bankers, business men, film and heatrical producers in Southern Caliornia. They are charged with offenses anging from misdemeanors to felonies. *Philadelphia Public Ledger, July 9, 1927.*

AN ADDRESS

By

udge of the Court of Common Pleas, Berks County, Penna. Robert S. Mays before the P. I. L. A., Reading, uly 20.

Chairman, Ladies and Gentlemen:—

My friend, to my left, has just finished elling me that this body has been assembling for five consecutive years. I an give no reason for this being so xcept to speak the words of many of the nembers of this association who tell me nat it is the hospitality of the fine people f Berks County that just makes them eel welcome.

In a magazine laid before me, from hich I read just a little, and from my ontacts here today, I have been learning o know what is the spirit that dominates he workings of your organization. Durng a period of years I have had the pportunity of observing what were the nethods of your members doing business n the City of Reading. I have upon nany occasions come in contact with arious members. I know of the litigaion that is before the courts of this ounty. Because of all these things, I now that you have dealt honestly and airly with the people with whom you ome in contact and do business with, nd have justified the passage of a law hich brought into existence this and llied organizations.

After all, any business and the dignity f it, depends largely upon the spirit in hich it is done. Fairness and tolerance re two virtues, and in the furtherance of our business objects these things should tand out and dominate and control your very effort. From the nature of things, our clients are known as the poorer lass. The responsibility that goes with heir obligation to pay is one not backed by property, but a moral responsibility. Most of these people if given a fair opportunity, will honestly meet their obligations and measure up to that moral responsibility that is typical of the average person with whom you have business dealings. Of course, there are some who will endeavor to escape their responsibilities, but common experience has taught us that unless there is distress and extreme hardhip, if your conduct toward these people is fair and tolerant, they will, in due season, meet their obligations to you.

The purpose of the law that created organizations of your kind is a very laudable one. It brings relief to the toiler and worker, and gives him an opportunity to enjoy the things that years ago were only common to the people of means and station.

As the chairman has said, I happen to be a farmer. I was born on the farm and it pleases me to be known as a farmer. Next to the law I am most interested in it,—interested because I come in contact with the very difficult problems that now confront the American farmer, and incidentally and directly are of moment to every phase of business and social life in these United States.

I was just asking your chairman whether your organization was doing anything to help the farmer in a financial way and in my discussion I realize the limitations that surround you, and yet, I hope, that if there is any possible help that can be given to this class of men, your organization will find a way. Farmers, as a class too are honest and should be given the same opportunities as are afforded to men in other walks of life.

To show you the need of greater help being given to the farmer, I will cite a case that was brought to my notice some time ago. A business man living in a town of a neighboring county, eager to develop his business, leased a tractor to a farmer, a fine industrious gentleman with personal property worth several thousands of dollars. As part payment of this tractor, one-third of the purchase price was paid over, and to secure the balance certain promissory notes were given as collateral security, and the business man took these papers to his bank, and to his utter surprise the official of the bank said, "You better get these notes discounted at the bank where this man lives." The obligation was about $400.

The small borrower of the kind just referred to several years ago, as they are today in many cases, were unable to obtain proper credit. To overcome this difficulty the law was passed that has permitted this organization to function and do business. To justify all of this your organization, in a spirit of fairness, must give equal opportunity to the people in the communities where you function. The spirit of fairness must dominate your every action, and when help has been given, you must be tolerant with these people, and in the final summing up, you will find that because of their moral responsibility, which makes the real obligation to pay, little or no loss will be suffered by any one, and then it can truly be said that yours is a fine organization and one that the law should have permitted.

I have observed that very few executions have been issued by your organizations in this city, and that itself shows how tolerant your local members are.

We Are Complete Outfitters For Industrial Loan Offices

. . . .

Printing -

ALL THE FORMS for all the States where a legal rate is in operation. Many carried in stock and shipment made the same day order is received. Because of the large volume of business done with Loan Offices all over the country OUR PRICES ARE FAR BELOW THOSE CHARGED BY LOCAL PRINTERS. SEND FOR OUR PORTFOLIO.

Advertising -

OUR MAILING and "house to house" circulars and cards have been real business producers wherever used. You may purchase from one thousand to one million.

Calculators -

THE ONLY approved models are the ones sold by us. From $40 to $175. In use now by over eighty-five per cent of all the legalized offices. MANY OFFICES NOW USING TWO OR MORE. Send for complete circulars and copies of letters from satisfied users. THE NEW COMBINATION TIME FINDER AND INTEREST CALCULATOR—$80—is our final achievement after ten years' research along this line. Any model sent on ten days' trial.

. . . .

THE WM. I. MARSH CO.
229 West Illinois Street
CHICAGO, ILL.

Severe methods of collection should not be necessary, if at the time of giving credit the applicant is investigated and be made to realize his responsibility to pay. Show the world that yours is a business with a conscience and a heart, and that your officers are men who really want to help, and there will be no necessity for much litigation and the attendant consequences coming from all that.

Your organization is doing a great good, and it should be encouraged. It is serving a real need and it is my hope that in the future more of the high type that are present here today will direct your destiny.

HERE'S A GOOD IDEA

The Grand Rapids Industrial Lenders Association is distributing a card, 3½ by 6 inches, with the following inscription—

Your Credit is Your Best Friend
Use It—But do Not Abuse it.

The companies listed on the reverse side of this card will help you safeguard your credit by loaning you money to pay up your bills or for other useful purposes.

These companies represent the Grand Rapids Industrial Lenders Association, affiliated with the American Association whose members operate in over 20 states and whose business is to make loans at reasonable rates to worthy borrowers without banking security or acquaintances.

The local companies coöperate with the merchants and professional men of Grand Rapids by furnishing money to honest people in order that they may pay their bills promptly and keep their credit good.

MEETING SCHEDULE

INDIANA — Indianapolis, Claypool Hotel, September 14, 15, 16. National Convention.

CONNECTICUT—New Haven, October 19.

MICHIGAN—Detroit, October 21.

ILLINOIS—Chicago, October 27.

Please Present This Card When Applying For Loan.

On the other side of the card are the following names:

A. B. C. Loan and Inestment Co., 312 Industrial Bank Bldg., Elevator, 96 Monroe Ave.

Citizens Company of Grand Rapids, 101 Michigan Trust Bldg., ground floor.

Commonwealth Loan Co., 620 Grand Rapids National Bank Bldg., Campau Square.

Community Finance Service, Inc., 190 Monroe Ave., 5th floor Goodspeed Bldg.

Industrial Mortgage and Investment Co., 201 Building and Loan Bldg., N. W. Corner Lyon and Monroe.

Personal Finance Company of Grand Rapids, 514 Grand Rapids Trust Bldg., Opposite Morton Hotel.

Peoples Loan and Mortgage Co., 721 Grand Rapids National Bank Bldg., Campau Square.

It occurs to the editor that members in other communities might well follow the example of the progressive Grand Rapids Industrial Lenders Association.

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The loan business is good all the time, even in August, if you know how. Loan men who claim that things are quiet during the hot months lack the knowledge of operating that enables their more successful rivals to profit by it. The Institute's course in loan office management trains you to banish forever the bugaboo of "August is a dull month." It proves that business can be kept just as constant this month as in any other.

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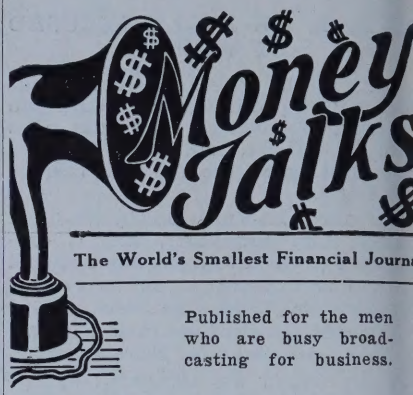

Published for the men who are busy broadcasting for business.

August and Winte

August—the eighth month of the yea—was named after Augustus, the fir Roman Emperor. Several heroes nov adays have a day named after them—eve John Barleycorn had his Day of Daze but never 31 in a row.

August is also Harvest and Fair mont Farmers are reaping what they sow in the Spring, to the tune of "Bringin in the Sheaves."

The farmer has to do everything season.

But the Industrial Lender is always season, or rather—His seasons can made to order.

Many Small Loan Companies send DesMoines in Summer for Winter.

Winter has prepared a formula th knocks 'em cold in Summer and mak it hot for 'em in Winter.

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Don't put off till tomorrow what y can do today.—Write right now.

A. H. Winter

N. A. WINTER

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INDUSTRIAL LENDERS NEWS

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SEP 8 1927
UNIVERSITY OF ILLINOIS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

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They're Going to Entertain Us at the Convention—And How

Don't walk under a ladder.

Don't let a black cat cross your path.

Don't overlook a horeshoe.

Don't do anything, in fact, that might hoodoo you and keep you away from the big event. We don't have to tell you what big event we're talking about, do we? Well, where have you been? All right, then, we refer to the Thirteenth Annual Convention of the A. I. L. A. at Indianapolis, September 14-15-16.

You may think it is presuming on our part to talk so confidently about the coming joys of the Convention. But since our last issue came out we have been able to get the low-down on the arrangements, and they warrant all the enthusiasm in our system. The Entertainment Committee certainly has done itself proud in providing for our spare moments during the Convention.

But judge for yourself. Here is a brief outline of what you can expect:

Wednesday, September 14

12:30 P. M.—The Indiana Industrial Lenders Association will be the hosts to the national group at a luncheon at the Claypool Hotel. The invocation will be given by Reverend Father M. W. Lyons, and the principal speaker will be Hon. Howard Bryant, of Baltimore. The music will be supplied by the Claypool Quartet.

9:30 P. M.—The scene of the festivities is the Columbia Club. The name of the big attraction is "A Night in Paris." Just muse over that for a minute. And let us tell you right now that you won't be disappointed. For here is a night club extravaganza that will stir your blood and give you a real kick. A few of the acts booked for the entertainment are: Sidney Jerome, master of ceremonies and monologist: Marque and Marquette, dancers; Connie's Orchestra; McShane, Drexler and Fox, song and dance; Miss Cyrilla Tuite, Indianapolis soprano; Mary Alice, "blues" singer; Hoosier Melody Maids. These and other acts will give you an evening to go home and talk about. Refreshments will be served, and the Entertainment Committee wishes us particularly to say that informal dress will be in order.

Thursday, September 15

1:00 P. M.—A luncheon will be given for ladies at the Marott Hotel, followed by a musicale. Mrs. Arnold Spencer will be the soloist. A trio of accomplished musicians will be on hand to furnish the music. This will be followed by a Baby Ballet of ten talented tots.

7:00 P. M.—Now comes the big banquet at the Claypool. The invocation will be given by the Rev. J. A. Ambrose Dunkel, and the toastmaster will be C. H. Stratton, of Sullivan, Indiana. The speakers of the evening will be Hon. James E. Watson, U. S. Senator from Indiana, and Lieutenant-Governor Harold Van Orman. Welch and Reardon, two very personable young ladies, will sing at the banquet, as will the Schubert Quartet, Indiana's finest vocal ensemble. Everyone will receive a beautiful souvenir—not the sort of thing you give to little Theodore to play with, but something you will really like and want to keep. After the banquet there will be dancing.

Welch and Reardon, two harmonious maids who will entertain us at the banquet

For Friday the Entertainment Committee has planned nothing. Most likely the guests of the Convention will want to drive around and see something of Indianapolis. In this case ample transportation facilities will be put at your disposal, but no organized tour has been planned. The reason is obvious. Different people are interested in different things; and while some may wish to see the cemeteries and the home for blind mice, others may desire to gaze on the historic ruins of some fine old saloons. So it's every man for himself.

All of which strikes us as a mighty fine layout of entertainment. Anybody who can't enjoy that sort of a programme has the kind of a disposition nobody could get along with. And since there is no one in the A. I. L. A. who fits that description everyone is sure of a good time.

But, fascinating though the entertainment will be, it is after all no more than the trimmings of the Convention. What we are really gathering for is a discussion of the questions facing our business, so that by an interchange of ideas we may be better equipped to render intelligent service and to prosper. In our last issue we gave a tentative program of the Convention, outlining the subjects to come under discussion. "Is it fair to our customers to close Saturday evenings?"—"How may the public be educated to a better understanding of the function of industrial lenders?"—"Local exchange bureaus and their advantages to our business"—most assuredly these topics are vital; wherever you are located, it is worth traveling to Indianapolis to engage in a discussion of these and the other questions to come up for consideration.

Only at a National Convention can you really get together with the national leaders of our business and talk face to face with them. The men who think constructively, the men who have something to give us, will be there—and they in turn will be able to profit by the ideas we have to offer. It's going to be a real gathering—be there!

INDUSTRIAL LENDERS NEWS

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Va.—H. M. Fenner, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

COOPERATION

Coöperative Provision of Credit to the Needy Worker

The need for the provision of avenues of credit for the worker who needs a loan and the present credit system in the United States are discussed in an article in the May, 1927, issue of the *International Labor Review.*

It is estimated that only from 7 to 15 per cent of the population have bank credit, leaving the great majority of people without normal bank-credit facilities. For the average small borrower there are three sources of credit: (1) Remedial-loan associations, (2) private agencies operating either under public regulation or in more or less open defiance of all regulation, and (3) coöperative credit societies.

Remedial Loan Associations

Some 30 remedial-loan associations have been formed in the United States. These are semiphilanthropic institutions financed by private capital, which is advanced by persons actuated by "a desire to supply funds for necessitous borrowers at legitimate rates."

These, it is stated, were established as a stabilizing force "to provide such competition as would result in the improvement of the methods commonly employed by money lenders, and to afford an object lesson that would attract reputable capital to the business."

Private Agencies

Usury is described as a result of the combination of a need of credit, generally acute, and a breakdown of credit facilities at normal rates of interest. The borrower is usually in immediate need of money, is often timid, ignorant, and anxious for privacy. Under such circumstances he is likely to accept whatever terms he is offered at the first place at which he applies. The "freebooter" money lender is therefore at liberty to charge what he will, and investigations have shown that in some cases the rates actually charged under such conditions range from 260 to 3,600 per cent.

The writer points out in this connection the error of the popular tendency to consider all rates in excess of the traditional 6 per cent as usurious. If the loan costs the lender 8 per cent to make and he charges the borrower 14 per cent, "realizing a net 6 per cent profit, obviously the transaction is not usurious. Usury is the practice of charging a rate of interest which—all of the circumstances of the given case taken into careful consideration—is inequitable."

The money lender fills an economic need, for he sells credit to a buyer who needs credit and can not get it elsewhere. It is because of this fact that antiusury legislation which does not take into account the need of the borrower for a source of credit inevitably fails.

Usury can be eliminated only by creating at the same time a source of credit at legitimate rates of interest. This has been the aim of what is known as the "uniform small-loan" legislation in various States. Such legislation provides for an interest rate of 3½ per cent a month on loans of $300 or less, or 42 per cent per year. This rate is justified on the ground (1) that the risk in these loans is greater than those usually handled by ordinary banks, the term of the loan is longer, and the security offered usually not of the sort acceptable to the bank; (2) that operating expenses are high because the amount loaned is small and must be collected in monthly installments; and (3) that the lending capacity of a small-loan agency is limited to its cash capital on which it must pay dividends. The law provides for supervision of the lending agencies and reports therefrom; it eliminates service charges and makes the rates computable on the balances. The money-lending business is placed by it on a respectable basis.

The successful operation of the small loan laws is pointed to as an indication of "the soundness of the contention that there can be no successful small-loan legislation which fails to take into account the need of the borrower for credit and which also fails to recognize the fact that the borrower, of the description we have in mind, is not a free agent who can be left to the protection of the law of supply and demand."

Coöperative Credit

Since experience seems to have proved that 3½ per cent a month is the lowest rate which will attract private capital for lending purposes, if the wageworker is to have available for his use credit resources at a lower rate than 42 per cent he must look to another source than to the private loan agencies. This can be found in the coöperative credit society, whose underlying principle is "the accumulation of the savings of a group of people, the investment of the accumulation in loans at legitimate rates of interest to members of the group, and the management of the resulting business by officers chosen by and from the members of the group in meetings in which each member of the group has a single vote whatever his holding in shares and deposits may be. No one outside the group has anything at all to do with it directly or indirectly."

Each member subscribes for at least a single share of capital stock, paying for it in cash or weekly installments of as little as 25 cents a week. Under the latter plan each member is encouraged to save what he can, acquiring in the process the habit of regular saving. "By the time the member has his first share paid for he has acquired this habit and goes right on subscribing for more shares." Thus the funds of the group are built up and little by little each member accumulates savings.

The funds thus accumulated are used for loans to members of the group, repayable in installments spread out over the period of a year. Thus in the credit union the member turns for credit to his fellow worker. "He unites with his own associates; they pool their savings, they use the resulting accumulation solely for the benefit of those to whom it belongs, namely, for the benefit of the savers."

There is no invested capital on which a preferred dividend must be paid; there is no incentive to usury, as the funds invested are the joint funds of the members, most of whom at some time or other must turn to the funds for credit. There is no large overhead expense, there is the capacity for correct credit diagnosis. The result of it all is that loans are made at normal rates of interest.

The credit union is a sane, business-like device for creating credit—not for every applicant, but for every applicant eligible to and worthy of credit; not for all per-

oses, but for the purposes which hold orth a real probability of ultimate value o the borrower. Credit unions succeed vhen the plan is properly applied; by he same token, they fail when improperly nanaged. Success is in every case the esult of hard work. In the credit union nost of this work is done unselfishly. It s necessary to find some substitute for he compelling motive which brings as a eward to the private lender a high re-urn on his money. The successful credit nionist must be touched with the passion or service; he must realize that his or-anization has in it something of the prin-iple of the brotherhood of man—that is coöperative organization built on a oundation of the strength of unity for a ommon purpose; as the credit union rows in size and assets, those who do the ulk of the work will be paid something nd adequately; but whether the credit nion be large or small, they must have t least a glimmering sense of that in-angible something which may make a uman being conscious of his capacity, arge though it be or small, to perform nselfish service. Such sense is rare, nough not so rare as popularly imagined. Coupled with that must be hard-headed usiness acumen, good sense, an under-tanding of credit, and the will to make he business succeed as a business. Coöp-ration is not a miracle; it is a plan of uman association in business for the oint and several good of those who are o associated, and there can be no good esult from the operations of any coöper-tive soc.ety—whether it deal in credit or n any other commodity—unless the busi-ess is a success as a business. There s little sense in a plan of profit division f there be no profits to divide.

The author refers to the fact that redit union legislation has been only a ecent development, so that "of necessity, he development (of credit unions) in nost States is thus far of a pioneering ature" and has "purposely followed the aboratory or experimental method." In his experimental way the credit union lan has been inaugurated among various roups—postal employees, railway em-loyees, school-teachers, etc.

Credit unions supply valuable business raining to their officers. They are almost xclusively managed by wage workers. The author cites the fact that the 20 irectors of the Massachusetts Credit Union League, each of whom is the man-ger of a credit union, together manage business totaling $8,000,000 a year. "No ne of them ever managed anything more mportant than his individual pay enve-ope prior to the organization of his credit nion, and the credit union business they nanage is subject to the supercritical ex-mination of the Massachusetts State De-artment of Banking, a scrutiny to which nany private businesses could not suc-essfully be submitted."

It is pointed out that "credit unions are he only type of banking institutions which have had no involuntary liquida-ions during the very difficult war and ost-war periods."

Unlike ordinary banks, the credit union loes not require that the member have ccumulated an account equal to or in xcess of the loan required. A man who s a member of the group from which the redit union membership is recruited but ot a member of the credit union may find imself in great and immediate need. His ase will not be rejected because he is ot a member, but he must become a member, and subscribe for a share of stock, paying an initial installment on it and an entrance fee—at a total initial cost of 50 cents. Having done that, he may apply for credit and his application will be considered just as if his holdings in the society were considerable. The terms on which the loan is granted may, however, take into consideration his small holdings. The term of the loan may be shorter, an indorsement of another member may be required, or he may be required to subscribe for additional shares of stock: "All the circumstances will be taken into account, but if there is any way in which the applicant can be assisted, consistent with the safe investment of the funds of the credit union, such credit assistance will be afforded him."

Credit committees become very expert in judging the borrower's good faith. This committee must be satisfied of his intentions faithfully to meet his obligations before it will grant a loan. The excellence of the committee's judgment in this regard is attested by the small losses of credit unions.

The author feels that the credit problem in the United States is that of the "quantity production of credit unions, and coöperative credit should work as well elsewhere to assist the worker to solve his credit problem when the principle is properly applied."—August, 1927, *United States Monthly Labor Review.*

MASSACHUSETTS

The quarterly meeting of the Massachusetts Industrial Lenders Association was held at Shore Garden, Nantasket Beach, on Wednesday, July 20, 1927, convening at 1:00 P. M., after a very tasty shore dinner was enjoyed. Twenty-three members were present.

The meeting was called to order by Chairman Youngerman. Upon motion of the chairman and seconded by Mr. Cronan, the minutes of the previous meeting were approved as distributed.

Upon motion made and seconded the Roll Call was dispensed with.

Reports of Officers

There was no report from the chair.

Treasurer's Report

Upon motion made and seconded the Treasurer's report was accepted and ordered spread on the minutes.

Secretary's Report

Upon motion of chairman and seconded by Mr. Whorley the secretary's report was accepted and ordered spread on the minutes.

McShane, Drexler and Fox, a vivacious song and dance act which will appear in "A Night in Paris"

Motion was made by Mr. Zimmerman and seconded by Mr. Stephenson to have each member send a copy of all loan papers to Chairman Zimmerman of the Committee on Uniform Small Loan Papers; he in turn to employ attorney Reginald Smith, in behalf of the Association, to draw up one set of uniform papers to be submitted at the next meeting. Attorney Smith was to get the approval of Supervisor of Loan Agencies, Davidson, on the new set of papers. Motion made and seconded by Mr. Stephenson that these papers also be submitted to the Executive Committee. The motion was accepted and voted.

Motion was made by Mr. Stephenson and seconded by Mr. J. T. Cronan, Manager of the National Loan Society of Boston, that Mr. Zimmerman was to request Mr. Smith to contact Supervisor Davidson with respect to discontinuing the practice of sending in weekly reports to the department. The fee in connection with this work was to be borne by the association. It was voted for report at next meeting.

General Discussion on Various Matters

Upon motion made by Mr. Zimmerman and seconded by Mr. Stephenson, that a Legislative Committee be formed to look after the Legislative business of money-lenders. The following names were submitted for this committee: Mr. Watts, Chairman; Mr. Stephenson, Mr. Newman and Mr. Wholey. The above names were accepted, approved and voted.

Upon motion made by Mr. Stephenson and seconded by Mr. Zimmerman, that the Secretary send flowers to Mr. Newman who is ill in the Commonwealth Hospital at this time. The motion was accepted and approved and ordered spread on the minutes.

Upon motion of Mr. Stephenson and seconded by Mr. Greeman that a committee be formed to solicit non-members, Licensees, to become members in our State Association. The following committee was appointed and approved: Mr. Wholey, Chairman; Mr. Youngerman and Mr. Cote and that the chairman of this committee have the authority to purchase all supplies needed for this work and the committee is to make a report at the next meeting.

Upon motion of Mr. Wholey and seconded by Mr. Cote that the chairman, Mr. Youngerman, be appointed delegate to the National Convention at Indianapolis, Ind., on September 14, 15, 16, 1927, and that the Treasurer advance a check for $200 to defray expenses and he is to make a report of his trip at the next meeting. It was voted, approved and accepted.

Upon motion of Mr. Wholey and seconded by Mr. Stephenson that any member attending the National Convention will act as delegate for the Association at their own expense. The motion was approved and accepted.

Upon motion made by Mr. Zimmerman and seconded by Mr. Youngerman that the Treasurer be authorized to pay all expenses of this meeting. It was voted and accepted and ordered spread on the minutes.

Upon motion of Mr. Cote and seconded by Mr. Youngerman the following applications for membership were elected:

Northampton Loan & Finance Company, 26 Main Street, Northampton, Mass.

Savoy Commercial Company, Inc., 308 Boylston Street, Boston, Mass.

Upon motion of Mr. Cote and seconded by Mr. Zimmerman the next meeting of the Massachusetts Industrial Lenders Association is to be held at the New Parker House, Tremont Street, Boston, Mass., on Wednesday, October 26, 1927, at 12 M.

There being no further business to come before the association, it was regularly voted and seconded that we adjourn at 4:45 P. M.

D. J. Cote, *Secretary.*

VIRGINIA

The regular meeting of the Virginia Industrial Lenders Association was held in the Banquet Hall of Harry M. Parks, 529 Granby Street, Norfolk, Va., on Friday, July 29, 1927.

Luncheon was served promptly at 12:00 noon.

The meeting was called to order immediately after the Luncheon by Chairman Burnette, at 1:15 P. M.

On motion made by Mr. McMutrie, seconded by Mr. Edge, the minutes of the previous meeting were dispensed with.

The following members answered the Roll Call:

Richmond: Citizens Small Loan Society, United Small Loan Corp., Personal Small Loan Corp., Virginia Small Loan Corp., Beneficial Loan Society, Capitol Small Loan Corp., Standard Small Loan Corp.

Norfolk: Citizens Small Loan Society, The Empire Company, Norfolk Loan Society, National Small Loan Society, Beneficial Loan Society, Atlantic Small Loan Society, Harris Investment Corp.

Roanoke: Beneficial Loan Society, Roanoke United Small Loan Corp.

Portsmouth: Beneficial Loan Society.

Alexandria: American Small Loan Corp.

Newport News: Mutual Small Loan Corp.

Petersburg: American Small Loan Corporation.

The Treasurer did not make a report at this meeting.

Secretary's Report: 29 members on the roll, of which only 23 active. Of these 23 active members 17 have paid their dues for the year, and six for the first half of the year.

Mr. Moore made a very interesting talk on membership and was appointed a Committee of one to make contact with both Mr. White and Mr. Appleby of the Seaboard Small Loan Corp. with the idea of having both gentlemen return to the Association as active members.

The Chairman announced the following appointments for a Committee to revise the By-Laws and Reassessment of dues of the Association and report at the next Annual Convention:

Mr. H. T. Mattingly, Chairman, Mr. S. Lee Tucker, Mr. V. D. Moss, Mr. E. F. Moore, Mr. J. S. Edge, Mr. C. S. Phillips, Mr. Bishop.

On motion of Mr. Pope, properly seconded, Mr. Moore was appointed Chairman of the Membership Committee. Mr. Moore, in turn, appointed a Chairman for each city represented in the Association, to look after the membership, and we are expecting a large number of applications at our next meeting.

Committee Reports.

Norfolk: Mr. Bradshaw, no report.

Richmond: Mr. Emmison reported that they were making progress with their clearing house.

Roanoke: Committee Chairman absent—no report.

Lynchburg: Committee Chairman absent—no report.

Alexandria: Committee Chairman absent—no report.

Standing Committees: No reports.

Mr. Moore reported that a company in Richmond had made a loan in February with first payment due in March, and that the company had collected 30 days interest on the loan. The borrower had consulted an attorney on this who claimed that the loan was void for this reason, but the attorney finally agreed to a settlement of 50% of the principal balance, without interest to be paid, as the borrower saw fit. On motion made by Mr. Pope, properly seconded, it was voted to have counsel for the Association get ruling from the Banking Department on this and make a report to the Association.

On motion of Mr. Moore, properly seconded, Mr. Burnette was appointed delegate to the National Convention, with Mr. McMurtrie first alternate.

Application of the Dixie Small Loan Corp. of Roanoke came up for vote. This had been carried over from the Alexandria meeting. Application was voted on and the Dixie Small Loan Corp. admitted to membership.

The next meeting will be held in Roanoke, Thursday, October 20th.

There being no other business presented, the meeting was adjourned at 3:30 P. M.

A nice fishing trip was arranged for the members who would stay over Saturday A. M., and several stated they were going, but Mr. McMurtrie was the only member who presented himself for the trip.

H. M. Fenner, *Secretary.*

RAISE MILLION TO WAGE WAR ON BANKRUPTS

National Credit Men's Association to Carry Fight Against "Professionals" to Finish

As a result of the growing "profession" of bankruptcy in business throughout the United States, the National Credit Men Association has raised a fund of $1,000,000 for purposes of combating bankruptcy frauds, according to Virgil P. Wilson, Secretary of the Tulsa office of the association.

The fund is to be apportioned to the various branches of the organization, as it is needed, and a special prosecutor will be appointed to assist the branch managers in preparing their cases for court.

Hiding Assets

The greatest crime to combat in bankruptcy is probably the concealment of assets. This is exemplified in the case of Folyd Coonrod, Oilton, Okla., merchant now serving a term in the Leavenworth Federal penitentiary for conspiracy.

Coonrod filed a petition in bankruptcy when, according to his friends, business seemed to be exceedingly good. A receiver appointed to take over the ca

went immediately to the store and found it with very little merchandise on hand. An investigation of the books revealed large quantities of goods had been shipped a few months prior to the store's closing, but no records were found accounting for its disappearance. With considerable time and expense, the goods were finally traced and Coonrod was sent to the penitentiary.

This is only one case of a great many in which the Credit Men's Association has played a leading part.

DETECTION DIFFICULT

It is not easy to detect fraudulent failure in a bankruptcy case. The receiver must delve into the entire record of the store, engage in an almost inestimable amount of correspondence with creditors, wholesale houses and individuals to find some evidence of crime.

The Tulsa organization has frequently been called in on cases where one man has taken bankruptcy many times. He makes it a "profession." Some men have been known to travel from one section of the country to another and operate for a short time in each place, then enter into bankruptcy.

A report of the national organization shows 676 cases handled by it in the last two years.

According to Wilson, the fund raised by the association is not so much for the purpose of prosecuting the crooked but for combating before the commission of crime.

PROTECTING THE WAGE ENVELOPE

Pennsylvania carefully safeguards the wages of its working people against unfair leeching by the provision in the law of 1923 that "no assignment of or order for wages or salary to be earned in the future to secure a loan thereby shall be valid against an employer of the person making such assignment or order unless said assignment or order is accepted in writing by the employer."

Whether or not the process of "wage buying" or "salary purchasing" which the Legal Aid Bureau is now investigating is legally beyond this law, the transactions are identical in purpose and effect with those which the law was intended to reach, and the right of the workingman and his family to the safeguards of the State is identical.

It is an entirely proper function of the State to protect the indiivdual and his dependents, even against his own recklessness or improvidence. The State rightly intervenes and says that his necessity shall not be utilized for usurious plucking. The law provides ample means for such borrowing as he may find necessary, and rigid enforcement of its limitations is in the individual interest, as well as that of the community.—*Phila. Evening Bulletin*, 7-12-27.

WISCONSIN

At midnight Friday, August 12th, the Uniform Small Loan Bill sponsored by many social agencies and public officials which had met with the approval of both Houses of the Wisconsin Legislature, became a law without the approval of the Governor. Concerning his action the Governor sent the following communication to the legislature:—

TO THE HONORABLE,
THE LEGISLATURE:

In re: Bill No. 441, A.

I have permitted this bill to become a law without my signature for the following reasons:

Numerous social agencies and public officials who are in daily contact with persons seeking relief from financial pressure, and representatives of the American Federation of Labor have urged that I approve this bill.

Among others who have urged the approval of the bill are:

The Family Welfare Association of Milwaukee.

The Executive Secretary of the Catholic Social Welfare Bureau.

The Acting Director of the Milwaukee Council of Social Agencies.

The President and Secretary of the Wisconsin Federation of Labor.

Eugene Wengert, District Attorney of Milwaukee County.

Edward Yockey, former District Attorney of Milwaukee County.

Bert Hall, Social Worker.

Joseph E. Cordes, Civil Judge of Milwaukee.

Aubrey Williams, Secretary, League of Wisconsin Social Agencies, Madison.

In addition, endorsement of the principles of this bill has been given by prominent persons and organizations of states where the bill is now in force, including:

Hon. Frank O. Lowden, former governor of Illinois.

William Green, president of the American Federation of Labor.

Representatives of the Brotherhood of Railway Trainmen.

Hon. James S. Baldwin, Judge of Circuit Court, Illinois.

The strongest support back of this bill has come from agencies which are best informed as to the needs of the small borrower and the ways and means of providing credit for him.

In addition to these considerations, I find that twenty-four states have similar laws, and so far as I can discover, no effort has been made to repeal them although they have been in force for a number of years.

In this state, three legislatures have passed this bill, showing that there is an insistent demand for this measure in order to overcome what is deemed by the advocates of this legislation to be not merely usury, but extortion exacted in defiance of law. These advocates argue that it is better to authorize three and one-half per cent (3½%) per month under regulation than to submit to charges ranging from ten per cent to twenty per cent or more per month.

I have weighted these considerations against my own personal prejudice and objection to a state law that would authorize an extremely high rate of interest. I am so strongly opposed to such a high rate that I was fearful lest this prejudice should make it impossible for me to consider this legislation impartially.

Under these circumstances, being confronted with this doubt, I have taken this course in order that the law may have a trial in this state as it has had in other states.

Respectfully submitted,
FRED. R. ZIMMERMAN,
Governor.

DATED:
August 13, 1927.

OHIO

The Ohio Industrial Lenders Association held its midsummer meeting at the Hotel Gibson in Cincinnati August 17 and 18. Heretofore the midsummer sessions have taken place at Cedar Point, but it was decided to make a change this year in order to give the members in Cincinnati an opportunity to acquaint the people of that city with the association, and the aims and accomplishments of its members. Because of the vacation period the attendance at the meeting was not so large as had been hoped for, but the session was an interesting one nevertheless and all who attended got much valuable information. The members of the association in Cincinnati deserve great credit for the success of the meeting. True hospitality prevailed and the program was carried out without a hitch.

On the first evening a dinner was served at Coney Island, the trip to and from the Island being made on a large river boat. The menu there was an appetizing one and was greatly enjoyed. On the second day a luncheon was held at the Hotel Gibson, which was for both men and women. On the afternoon of the second day, the women visitors were taken on a trip to the Cincinnati Zoo. The principal speaker at the banquet was John L. Shuff, former postmaster of Cincinnati.

Col. D. H. Pond, of Cleveland, president of the Association, presided at the business sessions. The address of welcome was delivered by William C. Culkins, executive vice president of the Cincinnati Chamber of Commerce. He gave the members of the association a hearty greeting. He told of the many resources of Cincinnati and of its points of interest. Being an old newspaper man, he recalled the development of the loan business pointing out that it had progressed from the days of the loan shark to the day of high-class business methods, the entire business being conducted according to the laws of the state and under state supervision. He highly praised the code of ethics which the association has adopted. "Industrial lenders," he said, "are rendering a peculiarly valuable service to the community."

The response to Mr. Culkins' address was delivered by J. Fred Anderson, of Springfield, secretary and counsel of the association. Mr. Anderson told several interesting stories, expressed the association's appreciation of the hearty welcome extended by Mr. Culkins and touched upon several subjects which later came up for discussion in the course of the session. Mr. Anderson also submitted his report. This showed that practically all of the 152 members of the association were in good standing. He reviewed briefly the activities of the expired portion of the fiscal year.

He also announced that the following concerns had been received into membership: The Ohio Finance Company, 230 Keith Theater Bldg., Cincinnati; The Ohio Finance Company, 19 North 6th St., Zanesville; The Ohio Finance Company, Prospect and 4th Sts., Cleveland; The Ohio Finance Company, 214 Valentine Bldg., Toledo; The Union Loan Co., 145 N. High St., Columbus; The Union Loan Co., 7 Vine St., Cincinnati; Monarch Finance Co., 1010 Edwards Building, Cincinnati; The Household Finance Co., 406 United Bank Bldg., Cleveland; The City Loan & Guaranty Co., 2037 E.

14th St., Cleveland; Active Finance Co., 305 Atlas Bldg., Cincinnati; American Loan Co., 316 High St., Hamilton; The Bucyrus Provident Co., Galion; Community Finance Service, Inc., 408 Commonwealth Bldg., Cleveland; First Security Co., Troy; J. Friedman Finance Co., 187 S. High St., Columbus; The Merchants & Manufacturers Finance Co., The Personal Finance Company, 215 Gardner Building, Toledo; The Progressive Bond & Finance Co., 509-10 Lyric Theater Bldg., Cleveland; The Western Loan and Finance Co., 1 Sherwood Bldg., Lima; The Empire Finance Co., Cleveland; The Empire Finance Co., Dayton; The Empire Finance Co., Toledo; The Empire Finance Co., New Philadelphia. J. P. Michael, of Columbus, the treasurer, submitted his report, which tallied in all respects with that made by Mr. Anderson.

Col. Pond said that the Industrial loan business is steadily growing in popularity as it is becoming better understood and declared that the success of the business depends primarily on the managers of the loan companies themselves. He said each city has its own problems and it is the duty of each individual manager to try to solve the problem that confronts him. He said that the association is receiving now many compliments from men in public life who have been brought into touch with the industrial lending business. Col. Pond said that Ohio is at the very forefront in the industrial lending business.

T. R. Schoonover of Lima told of the necessity for the proper background in business. He said that the highest type of people should be employed and that when cases at law do arise lenders should employ attorneys of the finest character and best reputation to represent them. "Lenders should be fair and just," he said, "but they should stand up for their rights."

J. R. Lear of Cincinnati said that Cincinnati is probably in the best condition industrially of any city in Ohio largely because of its diversified interests. He praised the conservatism of the people of Cincinnati and especially its bankers and merchants, who shunned speculation of the wildcat character. He pointed out that Cincinnati is the only city owning a railroad, this being the Cincinnati Southern.

O. G. Woodbury of Columbus, F. J. Schneider of Cleveland and others told of business conditions in their own cities. Mr. Schneider said that greater sociability among lenders now prevails in Cleveland as a result of the convention held there last year and because of the recent Cleveland association picnic, and that the public too now has a much higher opinion of industrial lending than it ever had before.

The Thursday morning session was turned over to the managers by Col. Pond, who called W. L. Wilson of Dayton to the chair. E. E. Beyer of Cincinnati read a humorous paper entitled "Comic Strip from the Loan Business," which aroused much interest and provoked much laughter. He touched upon some of the little characteristics of the business in a happy way. M. A. Potter of Lima, discussing the "Status of the Ohio Farmer Today," said that many people have not yet become adjusted to conditions following the war. He said that too many are now expecting as large returns as they received during war times. "Many farmers," said Mr. Potter, "lose sight of the fact that they are making a good living for themselves and their families and now have many more luxuries and pleasures than they ever had before.

H. L. Kime of the securities division of the state department of commerce brought the greetings from that department of the state administration. He told of the department's activities and the suits which had been filed against loan sharks. He explained the law covering this phase of his work. Mr. Kime read statistics showing the greatness of Ohio, and declared that 75 per cent of the automobiles are now purchased on the credit system. Mr. Kime declared that the public is becoming to understand the Industrial lending business better and is becoming more appreciative of the real service that it is rendering the man of small means. In 1926 there were 260 licensees in Ohio and in 1927, 298. In 1926, $8,000,000 was loaned out and in 1927, $18,000,000, Mr. Kime reported.

Judge J. H. Dyer of Columbus, former president of the association, was called upon for a few remarks and in the course of his talk he urged better support of the securities division. He told of the amount of money paid in by licensees and said that more of it should be used for the benefit of the securities division and to enable it to carry on its work. Judge Dyer explained new laws and new rulings affecting the loan business.

The speaker praised the high character of the men engaged in the loan business in Ohio at this time and said that the lenders are giving the state less trouble than any other similar body of business men. He said that the Lloyd act is the best loan law in the United States and that Ohio is far in the lead in all matters affecting industrial loans.

H. C. Dun of Cleveland told of conditions in Cleveland and of the better relations between lenders and between the lenders and the public. B. L. Thuma of Columbus, with the topic "When the Skipper Meets the Tripper," told of methods which he is using to locate and collect from borrowers who unceremoniously depart from town without leaving a forwarding address. Mr. Thuma has made a careful study of this subject and gave some valuable advice. It was suggested by Secretary Anderson that all information about skippers be sent to him and he would act as a sort of clearing-house in cases of this kind and give all the aid in his power to running down the skipper.

J. J. Duke of Canton had for his topic "How is the Evolution of the Retail Business Affecting the Small Loan Business." Mr. Duke declared that a loan often enables the borrower to take advantage of cash prices and save money. He uttered a word of caution as to overloading and said: "Merchants, as well as lenders, are learning that loading a customer to the nozzle and making no allowance for accidents, sickness or industrial depression, is not good business."

Advertising came in for considerable discussion and many ideas were advanced. One of the speakers said that he tried to acquaint the public with the personnel of his organization, running pictures of the managers in the papers for this purpose. Another speaker said that this plan would not work in his organization, as changes were constantly being made with the advancement from time to time of managers into better positions.

The subject "Should a Loan be Granted a Borrower to be Used as First Payment on a Home?" was taken up for general discussion. One manager said he was opposed to lending money for this purpose as such a loan would be used for the purpose of increasing one's obligations and adding to his indebtedness. Another manager said that he once loaned a man $200, with which to make a first payment on a house and when the man died he owned two pieces of property and was buying another.

M. L. Anderson of Mansfield and others took part in these discussions. Mr. Beyer reported instances where persons have borrowed money with which to buy things at an advantage at auction sales. Another manager said that the great trouble is that the purchaser does not give sufficient consideration to value when he buys on credit and that one can shop with independence if he has the money in hand.

During the business sessions a wide range of topics was touched upon, all affecting the industrial loan business in one way or another, and much valuable information was brought forth and many timely suggestions were made. It was felt that in many respects the meeting was one of the most interesting and instructive the association has ever held.

WORK OF REMEDIAL LOAN SOCIETIES

There was issued recently, a copyrighted sheet by the National Federation of Remedial Loan Associations, covering the work of the Remedial Loan Societies for the fiscal year 1926-1927. Twenty-five of the twenty-eight companies listed sent in reports which show that the total paid in capital employed by these societies is $21,708,325.00, Surplus, $8,609,478.00 and borrowed money, $1,093,765.00. The net earnings are given at $2,516,115.00, Expenses, excluding dividends and losses, $1,417,284.00, Losses, $49,838.00; Average Loan Balance, $29,657,293.00; number of loans made, 713,251; amount loaned $55,081,727.00; average amount of individual loan, $77.00.

These societies operated in cities ranging in population from 45,000 to 7,000,000. The period of their activity dates back to April, 1859 when the Collateral Loan Company, Boston, Mass. started business. The last remedial loan society to be organized was the Colorado Springs Provident Loan Society, Colorado Springs, Colorado, which makes loans on chattels and pledges at 1% per month with $1 fee which is discounted at the time the loan is made. They employ including surplus and borrowed money, approximately $37,500. The expenses amount to only $3,170 and their losses only $301, and the statement says they made no money. Most of the societies limited their dividend rate to 6% although there are some exceptions and some pay 7% and 8% dividends. The Provident Loan Co., Seattle, Washington, and the Colorado Springs Provident Loan Society did not pay a dividend last year.

HEAR BRYANT AT INDIANAPOLIS

A prominent speaker at the annual national convention of the American In-

dustrial Lenders Association at Indianapolis Sept. 14-16 will be Hon. Howard Bryant of Baltimore. Mr. Bryant, for three terms Chairman of the City Council of Baltimore, is well known as a student of sociology and civics. He has also devoted much time and thought to the solution of the individual's finances and consequently is well versed in the function and the needs of the loan company.

For many years Mr. Bryant has been a speaker at the annual meetings of the Maryland Industrial Lenders Association, and is known by reputation all over the country. "I firmly believe," he said recently, "in the importance of the small loan company with regard to the individual and to the state. It serves the person who has no bank connection in a manner not otherwise possible. It discharges a function valuable to the state, and in so doing deserves the support of organized society."

Mr. Bryant will address the luncheon on Sept. 14. His topic has not been announced.

"THIS PUNCTUAL SPOT"

(From The New York Sun May 10, 1927)

The meeting was called for 4 o'clock. At one minute before the appointed hour the attendant closed the doors. As he did so he took notice that all the chairs were occupied.

The room and its furnishings were in taste with the architecture of the building. A long table occupied the center of the room. Lewis Cass Ledyard was in the chair set for the presiding officer. At his right hand was Cardinal Hayes. Next to the Cardinal sat J. P. Morgan, then came Payne Whitney and George F. Baker, Jr. At the table's end was Elihu Root, and next to him Vincent Astor and Henry Walters. The engineering profession was represented by William Barclay Parsons and the law by two former Justices of the Supreme Court. Morgan J. O'Brien and Samuel Greenbaum, and by John G. Milburn and Frank L. Polk.

At a sign from President Ledyard Mr. Whitney arose and proceeded to read the report of a committee of which he is chairman. It was the monthly meeting of the trustees of the New York Public Library. Every man was on time.

A SHORT STORY

Senator James E. Watson, one of the national convention speakers, gives the palm for mixed metaphors to a small town political speaker that he heard in a recent campaign, the speech concluding: "The hand of destiny is soaring over this campaign; our candidate is uplifted on the wings of a mighty sea of popular opinion; our sails are spread in nearly every home, on nearly every farm in this fair state. The opposition is whining like a sick chicken, its head reeking with despair. And when election day comes around, its puny candidate will be found trailing his skirts in the dust of the bitter waters of defeat."

CAN NOW GET A LOAN

A bill was recently enacted by the Illinois legislature and signed by the governor which permits fraternal organizations, incorporated under the laws of that state, to make cash loans to their members upon their certificates.

FROM THE PRESS

When the American Industrial Lenders Association convenes at Indianapolis, September 14-16, William Young of Philadelphia will turn over the office of national chairman to his successor.

Mr. Young's tenure of office has been marked by great improvement in the condition of loan companies throughout the country. Due to a program of constructive work and educational advertising the public now views lending companies in a much more favorable light than formerly. Also, the membership of the A. I. L. A. has been substantially increased during the past year. One noteworthy step in this direction is the opening of the State of Missouri and Wisconsin to loan companies. In addition to this, many new members have come from states where the Russel Sage law has been in operation for some time.

"I confidently expect," said Mr. Young in a recent interview, "to see the work of betterment go steadily forward. People are coming more and more to realize that the small loan company has a definite place in the economic scheme. Filling a real need as we do, we are on a sound basis and are bound to succeed. For my own part, when I have relinquished my office I expect to be just a buck private as I was an officer."

NEW A. I. L. A. MEMBERS

Thompson's good work continues as the following list of new members will testify. Add them to your directory of members in your 1926 Year Book if you wish to keep it up to date.

Household Finance Corporation, 401 Tootle Bldg., St. Joseph, Mo.

Household Finance Corporatin, 634 Grand Blvd., St. Louis, Mo.

Household Finance Corporation, 6 W. 10th St., Kansas City, Mo.

Public Loan Corporation, 4066 Olive St., St. Louis, Mo.

Popular Finance Corporation, 604 Olive St., St. Louis, Mo.

Popular Finance Corporation, 520 N. Grand Ave., Rm. 203, St. Louis, Mo.

City Loan Office, 202 Commerce Bldg., Erie, Pa.

Phoenix Finance Corporation, 308 Main St., New Britain, Conn.

Frankfort Finance Co., Over 1st Nat'l Bank, Frankford, Ind.

Conservative Credit System of N. J., Inc., 671 Broad St., Newark, N. J.

Edward J. Lennon, 477 Congress St., Portland, Me.

Henry R. Murphy, 187 Irving St., Framingham, Mass.

SEPTEMBER—THE MONTH OF PREPARATION

N. A. WINTER, *Des Moines, Ia.*

September should find you with a clear-cut, definite, and aggressive policy for getting fall business. Without such a plan of action, the production of business is bound to suffer.

If you have not already done so, we suggest that you analyze your last year's business. Figure out the peak months and decide definitely why they were. Find a definite reason for the low months (not excuses).

Now you are in a good position to lay out a definite plan of operation. Your aim should be to increase your peak months and raise the low months up to

$80

Combination Time Finder and Interest Calculator

The Confidence of Your Customer is Your Greatest Asset!

To be able to give an interest answer, quickly and accurately means your office is efficiently managed. Our calculators are the *ONLY APPROVED KIND AND BEAR THE ENDORSEMENT OF BANKING DEPARTMENTS AND EXAMINERS IN EVERY STATE* where the legal rate is in operation. Over eighty per cent of the offices are now using them—many having two or more.

Ten-Day Trial—No Obligation to Purchase

THE WILLIAM I. MARSH CO.

Printers

229 West Illinois Street CHICAGO, ILL.

Send for Our Portfolio of Forms and Advertising

normal and it can be done if your plans are sound.

Your first step is a consistent, pulling advertising campaign. Not necessarily large—but consistent. You need newspaper and direct mail advertising and house-to-house distribution of folders. Pictures in advertisements are becoming more and more important. Good art work, applicable to your service, is very essential if you are to attract the prospective customer from your competitor.

Don't distribute any literature which is not neat, dignified and attractive in appearance. It tends to degrade and cheapen your service rather than uphold it on the high plane to which it belongs.

Many Small Loan Companies try to curtail their expenditures in advertising beyond a point that is good business. In other words, there comes a time when economy ceases to be such and becomes an extravagance. Don't allow this to happen in your case.

The next thing is to list all the sales promotion plans you have used and all you have heard of. A careful investigation will show you which are good and which are poor. In most cases the good ideas with slight modification will prove profitable for you too.

Needless to say, courteous and well trained employees are very essential. A borrower's first impressions are the most lasting and in these days of keen competition you cannot afford to let prospective customers get a wrong impression when they come to you in response to your advertising.

But it all depends upon a careful analysis of past business and a detailed plan with a definite goal for your guide in future operation. Start now and lay the ground work for the biggest business you have ever had.

MEETING SCHEDULE

INDIANA—Indianapolis, Claypool Hotel, September 14, 15, 16, NATIONAL CONVENTION.

MARYLAND—Baltimore, September 21.

NEW JERSEY—Atlantic City, Oct. 13.

CONNECTICUT—New Haven, October 19.

VIRGINIA—Roanoke, October 20.

MICHIGAN—Detroit, October 21.

MASSACHUSETTS—Boston, October 26.

ILLINOIS—Chicago, October 27.

? ? ? ? ?

Am I a Success?

Questions? Big ones; little ones; easy ones; hard ones—all revolving around that one persistent question—Am I a success?
What is the average loan man going to answer, especially after reading these statistics?

"Out of 100 healthy men at 25, in 40 years
1 only will have $25,000 or more
4 will have between $10,000 and $25,000
5 will be supporting themselves by daily labor
54 will be dependent upon relatives or charity
36 will be dead."

Just ask yourself this. Which loan man is more likely to be among the first five—the average loan man who does not go out of his way to advance himself, or the progressive loan man who eagerly grasps every opportunity to fit himself for a higher position? You know the answer.
You also know the way that the progressive, ambitious loan man will choose to push himself higher and thus safeguard his own and his families' future. By study, yes. What? The Institute's course in loan office management. Why? Because the Institute is the only correspondence school in the country that teaches efficient loan office operating. Increased knowledge means quicker promotions, quicker and larger salary increases. If you, too, are progressive; if you want a better chance of being one of the first five—send for free information today.

Industrial Lenders Techinal Institute
468 Fourth Avenue, New York City.
Approved as a correspondence school under the laws of the State of New York.

INDUSTRIAL LENDERS TECHNICAL INSTITUTE,
468 Fourth Avenue, New York City.

Please send me, without obligation, information about your course in successful loan office management.

Name .....
Street and Number .....
City and State .....

mail the Coupon today

As Others Sees Us

Georgia Industrial Lenders Association, Atlanta, Georgia

July 25, 1927

Mr. N. A. Winter,
1201 Register-Tribune Building,
Des Moines, Iowa.

DEAR MR. WINTER:

I have received the six remaining advertisements which you have so expertly and understandingly prepared for the Georgia Industrial Lenders Association.

We are very much pleased with the work, thought and lay-out which you have given these advertisements. We have had many favorable comments on them.

I sincerely hope that you in your advertising solicitation will refer to your work in connection with the Georgia Industrial Lenders Association. We believe it to be all that we desired and we believe it remarkable that you so readily grasped our idea of what we wanted with so little information supplied you.

Should we decide to continue our publicity with the *City Builder* or any other medium after the expiration of our present contract you may rest assured that you will have the opportunity to serve us.

Very truly yours,

GEORGIA INDUSTRIAL
LENDERS ASSOCIATION
EDW. M. STEIMLE.

If the Service described in the above letter appeals to you, write for information on our business-building ideas of Small Loan Companies.

A. N. Winter

N. A. WINTER
Industrial Lenders
Advertising Helps
DES MOINES, IOWA

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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. XII, No. 4. OCTOBER, 1927 Price, $1.00 a year.

THE LIBRARY OF THE
OCT 18 1927
UNIVERSITY OF ILLINOIS

Thirteenth National Convention

Some four hundred members, their presentatives, guests, and friends, assembled at the Claypool Hotel, Indianolis, September 14th, 15th, 16th, for e Thirteenth Annual Convention of the merican Industrial Lenders Association. espite the torrid wave that settled over e country but particularly in the Middle Vest, this gathering in the opinion of l who attended, was regarded as one the most successful meetings in the story of the organization. Too much redit cannot be given to the general ommittee headed by F. L. Thompson general chairman, and ably supported W. R. Teel, general treasurer, R. F. artz, general secretary, and the following committees, the chairmen of which ly are given: publicity, C. E. Durnell; ntertainment, R C. Aufderheide; speakrs, C. H. Stratton; registration, Geo. . Grinsteiner; program, W. R. Hanck; men's reception, W. R. Chandler; nance, W. R. Teel; hotel and transrtation, T. M. Kaufman.

National Chairman William Young of hiladelphia called the meeting to order the Assembly room of the Claypool otel at 9:30 A M., Wednesday, Sepmber 14th. The invocation was prounced by Rev. Father M. W. Lyons, astor of the Irvington Catholic Church, ndianapolis. Dick Miller, President of ne Indianapolis Chamber of Commerce elivered the address of welcome in bealf of the city in which the convention as held. In his address, Mr. Miller aid in part: "I am glad to welcome is particular group to this City of ndianapolis. We are always glad to ave those people who are ambitious for ne elevation of the business in which ney are engaged to come here to deberate on things of interest to them.

"Sitting here a few minutes ago, I ouldn't help but reflect on how I beeve this industry in which you are enaged has been elevated during the last vo decades. The fact in the case is re conservative bankers may have a tenency to attempt at times to counteract ne trend in the lending game in this ountry, but there is no use, there has een a marvelous change in the lending f money in the United States, and the xtension of credit during the last two ecades, and particularly the last decade.

"I am one in the banking fraternity vho is glad to recognize this new trend n the lending of money, and I am parcularly glad as a banker to-day that nose engaged in the lending of money, s you gentlemen are engaged in it, are constantly elevating that business. It is impossible to conceive of doing away with what we call the short-time loan on installment payments. We have drifted into this new era in finance, and the sooner we old, conservatives recognize it, the better off we are going to be because you can't change economic tendencies. In other words, it is perfectly natural for people to want to enjoy a thing while they are paying for it, and you can't change human nature; and particularly you can't change human nature when the individual finds that there is a way provided for him to enjoy a thing while he is paying for it, and you are not going to change that human nature.

FRANCIS L. THOMPSON
Our New President

"So this business is here to stay, and I congratulate you, ladies and gentlemen, on the elevation which you are bringing to the business itself."

F. L. Thompson in behalf of the Indiana Industrial Lenders Association, greeted the members in these words: "It is a pleasure to welcome you all. I am going to say that Indiana and Indianapolis are very happy to have you with us. The Indiana Industrial Lenders Association are particularly proud to be your hosts. It was our privilege to entertain you once before. We hope we may at some future date have that privilege again."

Responding to the two former speakers, William Young, National Chairman, said: "I want at this time to thank Dick Miller, the President of the Chamber of Commerce, and Mr. F. L. Thompson, the Chairman of the Indiana Industrial Lenders Association, for their very warm and splendid welcome addresses. I say warm and I mean it. They not only got together to give us a warm reception, but they had the weather man to get in cahoots with them and made it hot.

"Mr. Thompson, we are happy to be here. We knew that you boys would try to show us a good time, and make our business meetings a success. We knew this last year. We knew what Hoosier hospitality would be, and we came. We feel satisfied that when we leave, we are again going to say it was the best ever, and in behalf of the A. I. L. A., I want to thank the Chamber of Commerce, and yourself for permitting us to come here."

At the conclusion of Mr. Young's address, national treasurer Tate J. Harrison rushed up from the rear of the room demanding that he be heard at this time. In a witty speech describing the three experiences in every man's life over which he has no control, he presented to the national chairman in behalf of the organization and in appreciation of his services during the past year, a handsome Hamilton silver wrist watch, concluding his remarks by saying: "Just what the members of this Association think of a fellow like Bill, is evidenced by a desire on their part to reward him, and it is my honor and privilege at this time to present this greatest of all Chairmen, with a token of our sincere esteem and appreciation."

F. L. Thompson, chairman of the national membership committee gave a very interesting and detailed report of his committee, which indicated that greater progress had been made in the growth of the organization during the past year than any year that had gone before. Through Mr. Thompson's efforts and with the help of the state organizations and the national secretary's office, it was possible to show an increase in members of 204 during the past year which was a 33⅓% increase over the enrollment the year before. Members were obtained

INDUSTRIAL LENDERS NEWS

Established 1916.

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Items intended for publication should be addressed to G. W. Kehr, Box 778, Harrisburg, Pa.

NATIONAL OFFICERS, 1927-1928.

President, F. L. Thompson, 8-11 Farmers National Bank Bldg., Shelbyville, Ind.

Vice-President, G. J. Badger, 40 Journal Square Bank Bldg., Jersey City, N. J.

Treasurer, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

STANDING COMMITTEE CHAIRMEN.

Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.

Finance, W. P. Woll, 360 N. Michigan Ave., Chicago.

Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.

Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.

Publicity, L. K. Osborne, 32 Ruggery Bldg., Columbus, O.

Membership, W. S. Herron, 404 Denckla Bldg., Philadelphia.

Vigilance, A. H. Williams, 360 N. Michigan Ave., Chicago.

NATIONAL COUNCIL

Conn.—M. J. Connors, 27 W. Main St., Waterbury.

Fla.—E. R. Kichline, 325 W. Forsythe St., Jacksonville.

Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.

Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.

Ind.—F. L. Thompson, Shelbyville.

Iowa.—C. M. Dehnert, 252 K. of P. Bldg., Des Moines.

Me.—H. S. Crosby, 163 Main St., Lewiston.

Md.—C. A. Gardner, 129 W. Saratoga St.,

Mass.—A. Youngerman, 19 Pearl St., Boston.

Mich.—Norman Buckner, 5 S. Saginaw St., Pontiac.

N. H.—F. A. Brodeur, 999 Elm St., Manchester.

N. J.—J. C. Van Horn, 2 E. State St., Trenton.

Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.

Pa.—E. B. Webster, 1612 Market St., Philadelphia.

R. I.—H. G. Neal, 49 Weybosset St., Providence.

Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.

Va.—J. E. Burnett, 119 N. 3rd St., Richmond.

W. Va.—Sam Wormser, 3rd Ave. and Ninth St., Huntington.

STATE SECRETARIES.

Conn.—W. J. Miller, 805 Main St., Hartford.

Fla.—J. R. Standring, 308 Tampa Theater Bldg., Tampa.

Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.

Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.

Me.—T. M. Fitzgibbons, 209 Clapp Bldg , Portland.

Md.—E. M. Garren, 331 Equitable Bldg., Baltimore.

Mass.—D. J. Cote, 552 Mass. Ave., Cambridge.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.

N. H.—E. F. Hurd, 71 West Pearl St., Nashua.

N. J.—V. L. Buchman, Wilkinson Bldg., Trenton.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penn.—W. S. Herron, 404 Denckla Bldg., Philadelphia.

R. I.—E. La Gueux, 76 Dorrance St., Providence.

Tenn.—A. Rohm, 204 Mercantile Bldg., Knoxville.

Va.—H. M. Fenner, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

from fifteen states and the revenue derived therefrom aggregated an amount in excess of the modest appropriation required to carry on the campaign.

The activities of the committee on legislation, given by L. C. Harbison, chairman, quoted in part show that "Bills affecting the small loan business were introduced in 36 states, in 18 of which the Uniform Small Loan Law or a similar law is in effect.

"In the following states in which the Uniform Small Loan Law or a similar law is in effect, Arkansas, California, Colorado, Idaho, Kansas, Minnesota, Montana, Nebraska, Oklahoma South Dakota and Texas, bills affecting the small loan business were introduced but failed of passage.

"Two bills affecting the small loan business were introduced at the special session of the West Virginia legislature, both of which failed of passage.

"Attempts to reduce the rate in 11 states, Arizona, Connecticut, Illinois, Indiana, Iowa, Maryland, New Hampshire, New Jersey, Rhode Island, Florida, and Georgia were unsuccessful.

"The Uniform Small Loan Law was successfully enacted in Missouri and Wisconsin. Campaigns were inaugurated but failed in Minnesota, Kansas, and Alabama."

Reporting for the Law Committee, F. R. Hubachek said in part: "The Russell Sage Foundation uniform law is here but no law is settled. There are changes taking place; evolution is decreed by a higher power than ours in all things, and in the problems that arise, and that are here now, always will arise. Treat this law which is the foundation and cornerstone of the arch of your business in the same spirit that the originators did, the spirit of conscience, and equity and compromise.

"So far, from 1913 on, it may be said that there has been waged only a single campaign, but a new generation is here and it is well to get the history, and other campaigns will arise. No war was ever won in a single campaign and this is a war and you are enlisted for the duration of the war. A single campaign may advance the fighters far along or the road toward the final objective and if the result is substantial progress, as we think this first campaign has been which has lasted now thirteen or fourteen years, and if it results in a heightened morale, and in the determination to make the advance achieve a departure for a new campaign it may be said to be successful. Then what remains, generally, what you gentlemen must do is keep organization and the fighting spirit, guided by the principles which started this thing. That is true in war, it is true in peace, for peace has its victories, no less renowned than war, and the uniform law is one."

On account of the energy and funds of the organization being directed in other channels, L. K. Osborne, chairman of the publicity committee, had little to report as no appropriation had been made to carry on the work of his committee. Mr. Osborne said: "In view of the attitude of the national executive committee as evidenced by their failure to make any appropriation for national publicity, I have come to the conclusion that publicity must be handled by the State Associations. The State Associations which are spending the money to have an active man in charge of publicity for his particular state, are meeting with succes

W. P. Woll, reporting for the Finar Committee, said:

"The Treasurer's report covers fu the financial operations of the associat so that the only report left for me make for your information would that the finances of the association at this time NIL and that the associat is obligated for quite a considerable s to pay for some of the matters the c vention at Cleveland authorized the E ecutive Committee to carry out."

National treasurer, T J. Harrison, s mitted a detailed report of the recei and disbursements of the organizatio funds during the past year, in which showed at the time of his report, tak into account all unfulfilled contra authorized by the Executive Committ that there existed a deficit of appro mately $8,000, in the national treasu His report was submitted with the proval of the chairman of the audit committee, H. T. Mattingly.

National secretary, G. W. Kehr, ported that we had a membership of situated in 25 states, and with a memberships turned in subsequent making up his report, the actual enr ment on the day of the Convention 701 members. Of this number only se members were delinquent in the paym of their dues. He pointed out that Pe sylvainia led in the list of national m bership, with Indiana, Ohio, and Illi close second, third, and fourth in number of memberships held in the tional organization.

Under the head of special committ F. B. Hubachek who was directed by Cleveland Convention to revise the c stitution and by-laws, reported that work had been done in accordance v his instructions and that his draft appeared in the August INDUSTRIAL LE ERS NEWS. At this juncture the nati secretary moved that the convention up the consideration of the revised d of the constitution and by-laws The tion was seconded and the secre instructed to read article one of the c stitution. Motion was made and onded and carried to adopt this art Article two was read and adopted in same manner, but after reading ar three, motion was made to postpone ther consideration of the constitution by-laws at this time and a committee sisting of Messrs. F. B. Hubachek R. Napier, J. H. Dyer, W. S. Her H. T. Mattingly, W. A. Zumpfe, Hoy Bryant, G. J. Badger, and the nati secretary was appointed to cons debatable parts of the constitu and by-laws submitted and re back to the convention at Thursday a noon's session. At this point the c vention adjourned to the Chateau R of the Hotel where an excellent lu eon was given by the Indiana Indus Lenders Association, and at the co sion of which Mr. Eugene C. Fo director of the Indianapolis Founda gave an interesting talk on the sub "Opportunity of Lenders to Recog Situations of Social Significance." of Mr. Foster's interesting statem was: "In my social service experien have long since learned that it is as easy to give relief to one's harm well as to his good; that until you k accurately the need which a client re sents, his resources, the effort mad meet his own needs and the coöper extended to others who have trie

help him, one is unable to determine the kind and amount of service which is necessary. I am sure this must be true in your own offices; that there are those who come to you because a loan office presents a course of least resistance, and that loan agency which is as anxious to help and keep its clientele out of debt as well as in debt is the agency which is best promoting the welfare of the lenders and the welfare of the community."

At each of the places of the luncheon guests was found a questionnaire entitled, "Ask me another." The questionnaire covered interesting phases of the history of the organization and prominent individuals who had a big part in organizing the Association and carrying on its work to date The old timers had no difficulty in answering successfully all questions but the younger blood discovered that to get 100% passing mark they would have to acquaint themselves with a fuller knowledge of the history of the organization.

The National Chairman opened the afternoon session at 2 o'clock and introduced the first speaker, Felix M. McWhirter, President of the Peoples State Bank, Indianapolis, and director in the United States Chamber of Commerce, who spoke on "The Value of Coöperation." Mr. McWhirter prefaced the discussion of his subject by these remarks: "It is always a privilege for me to enter into a discussion of the play of economic forces and the usefulness and potentiality of the National Chamber with business men but especially with an organization member of the National Chamber. I feel too that I know something of the problems, usefulness and the purposes of you men in your several capacities." And who can deny the truth of his statement when he said: "If we are to coöperate intelligently we must perforce know what we are coöperating for. If we can do things alone there is no advantage in attempting to do them together. It so happens, however, nowadays there are very few things we can do alone. If we are inclined to organization it is because we live in a period of organization in which coöperative effort has become a necessary method of doing things. This is probably more true of the banking or lending business than in any other field of activity. So rapid is the march of events in the economic development the average banker or lender engrossed in his immediate task of credits, patrons, calls, and routine in performing some of the many functions which in the aggregate constitute banking, is unaware of the larger forces which are bearing him onward toward his destiny. Banking or lending units are no longer isolated establishments serving a limited purpose, meeting the wants of a restricted neighborhood."

Mr. McWhirter's discussion of the subject indicated his grasp of national business affairs. And in concluding his address said: "Self preservation and enduring prosperity are only gained in the multiple through the intelligent use of coöperative methods. During my twenty-one years on Market Street in the banking business, ample opportunity has been afforded for observing the wholesome transition of the business methods employed by industrial lenders and the progress they have made has been well marked by the results and the real and lasting constructive service that is rendered to an ever increasing number of people. You it is who come in closest contact with the individuals making up the masses of the people. Their problems, their tribulations and ambitions, their accomplishments and their failures are known and felt by you. More and more is your counsel welcomed and sought. You have unconsciously perhaps, been constructing noted economical operation. So long as you in this organization meet and seriously cope with the problems confronting you and so long as there is kept foremost in your efforts, the zeal to help better the lot of your patrons—to inspire in them an increased incentive to produce,—your organization will continue to merit the whole-hearted and thoughtful coöperation between its members."

National Councillor H. T. Mattingly obtained the recognition of the chair at this time to extend his personal and the association's appreciation and gratitude to Mr. McWhirter for having taken his valuable time to appear before us. His remarks as well as all reports, addresses, and everything that has been commented upon so far, will be published in full in the Year Book later in the year.

Leon Henderson, Director of the Department of Remedial Loans of the Russell Sage Foundation, New York, received a hearty welcome and was listened to intently while he discussed "The Year's Progress and the Uniform Small Loan Law." Speaking of the activities of his work during the past year, Mr. Henderson said:

"Up to the present time twenty-four states have adopted the uniform small loan law sponsored by the Foundation, consisting of two-thirds the population of the United States," he declared, while speaking on "The Year's Progress."

"A survey has revealed," he said "that during the last year 113 bills were introduced in the legislatures of thirty-seven states affecting small loans, but only fourteen of these succeeded in becoming laws. The majority of these bills were ill-advised and would not have brought about the conditions desired if they were passed. Of the bills that succeeded in becoming laws, five were credit union measures, three were bills against the salary-purchasing loan sharks, two were amendments to the Russell Sage Foundation law, one pertained to industrial banking, while two bills passed were the uniform small loan law as advocated by the Russell Sage foundation, adopted in the states of Missouri and Wisconsin."

"Law is Fool Proof"

In explaining the foundation's uniform small loan law, Mr. Henderson declared

Let's Go

Now that the hot summer months are over; now that things once more are returning to normalcy; now that you feel rested and are full of pep and ginger; now that the zero hours of personal advancement, of opportunities to secure new fall business are here—What are you doing to better your future, the future of your family, the future of your business?

Zero hours in the loan business these cool autumn days! Days of opportunity, of achievement, of preparation against the winter to come, especially the winter that comes to stay—old age! Days of growth in a business that has hardly yet begun to discount its great future! Zero hours for the loan men who expect to share in that great future! Are you fitting yourself to claim your share in the growth to come?

As an employee you want to know everything possible about the loan business, to fit yourself for the job ahead, to achieve the goal that will make your children proud of you. As an owner you want to know how to increase your business, to lower your costs, to train your loan office staff to operate efficiently.

And that is where we can help you. Let's be frank. You need us. We want you. The Institute trains loan men in the most efficient methods of operating which means a consequent rise in salary, an increase in business, more profits. Why not get together? Let's go!

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that it has been utilized to prosecute a nation-wide chain of salary-purchasing loan sharks in eight states, including Indiana. He added: "The law is fool proof because it has been tested in Virginia and Colorado and its constitutionality upheld in each instance."

"Is a Chattel Mortgage on Furniture a Danger Signal in Extending Credit?" Mr. F. E. Stroup says "no" and he proves it by a very interesting paper on the subject. Leaving out many excellent arguments made in defense of his negative position on the question and leaving the poem which he had written to sum up his position speak for him on "The Merchant and the Slow," we will dismiss further comment at this time and say again that this and all other matter covering the proceedings of the convention will appear in full in the Year Book.

"The Merchant and the Slow"

When a Slow comes in
With a good natured grin
And he pulls out a great roll of bills—
It's a good safe bet
And it seldom failed yet,
Yes, it came from the Loan Company tills.

Though his roll now looks flat,
What cares he for that,
His bills are all paid in full.
He has done the best he could
Just to keep his credit good
While others are handing you the Bull.

If you knew that for the loan
He pledged all that's in his home
Should that spoil his credit for you?
No, you'd write him a receipt,
And you'd hope that he'd repeat,
And that very same day you'd mark him O. K.
If you don't you're a darn poor credit man.

So start in to-morrow,
Tell all your Slows to borrow,
Tell him it's honest—it's right.
Then soon all your callers will quit being stallers
And they'll all want a loan before night.

Mr. A. B. Madison undoubtedly gave much serious thought in the preparation of his paper on the subject, "Should the Publication of the Industrial Lenders News and the Year Book be discontinued?" and certainly advanced many good arguments in defense of the affirmative side of the question as well as some good suggestions for consideration on the part of the Executive Committee and editor. At the conclusion Mr. Madison offered the following resolution:

"Whereas it has been the custom of the Lenders News to publish the speeches and papers in which the ways and means of conducting each and every phase of our business is minutely explained and whereas, persons, organizations, etc. which are not friendly to our business have used the Lenders News and Year Book in arguing their points against our business, therefore be it resolved that this convention go on record as favoring the appointment of a committee of three, which committee shall edit and censor the publications known as the Lenders News and Year Book."

Mr. Madison moved the adoption of the resolution which was duly seconded and the matter was further discussed and after the resolutions on the subject adopted by the executive committee at its meeting held May 23d were read, it was decided that the matter was taken care of for the time being. The editor remarked at the conclusion of Mr. Madison's paper that he recognized as well as anyone else the errors in judgment made in the publication of material which goes into the organization's publications and said that he always welcomed material and suggestions from any and all members which would help him in making these publications better for all concerned. He said that although he did not regard his or anyone's judgment as infallible, it was his purpose to try to avoid the publication of any material which might later be construed to the detriment of the progress of the movement to improve small loan conditions.

Before the adjournment of the afternoon session took place, all members were reminded of the entertainment scheduled for the evening at the Columbia Club, entitled, "A night in Paris."

Mr. George E. Gill, Director of the Indianapolis Employment Bureau, spoke to the members on "Why People are Hired, Promoted and Fired." Justice cannot be done Mr. Gill's address in the space allotted here but the following extract may serve until the full address is published in the Year Book. Speaking of getting a better job and getting promoted, Mr. Gill said: "You people are frequently asked what to do. I have jotted a few questions that I had occasion to shoot at a bunch of young fellows recently. You might want to pass them on to some young men who come to you regularly to borrow little sums of money. In the first place, what have you done to merit your being promoted? Have you done anything to attract favorable attention, or have you just held your job? Every person who works for someone else has little spells of dissatisfaction. After a few hours of sulking within yourself and silently cussing the firm you get over your spell. Then you are glad you did not say to your boss what you had rehearsed silently. People seldom give a flower a bigger pot unless it outgrows the one it is in. One of the best ways of getting promoted and the one most frequently used is to outgrow your job. The first thing to think out is how can I attract favorable attention of my superiors. Some of you no doubt are working on such a program. Most of you very likely will never have a chance to do a really spectacular thing. You will have to pile up your credits a few at a time. It is up to you to make the firm think well of your ability."

"A Night in Paris"

One of the enjoyable social features of the Convention was the entertainment provided by our hosts at the Columbia Club, Wednesday night. Most everyone turned out in spite of the heat. Some ate, some danced, some just listened and looked on. The room was beautifully decorated and while our members did not entertain themselves, McShane, Drexler, and Fox, vivacious song and dance trio amused the audience with a number of selections. Some other talent was employed to keep the moments from becoming dull. Some very attractive favors were given out during the progress of the party.

Thursday, September 15

Thursday, September 15th, Chairman Young called the meeting to order at 9:15 A. M. The first speaker was David H. Finck, Educational Director of the Industrial Lenders Technical Institute, New York City. In discussing his subject, Mr. Finck, said in part: "What has happened in the loan business? You have many large concerns, not many but call them a few; you have a great many small organizations what you call independents, single loan offices. You all entered this business many years ago and that is the reason you are here. You are representing state associations, you are representing your own organizations. You men have made a success, you are successful loan men but for how long. 'Well,' you say, 'I have been successful for thirty years.' What is going to happen in the next thirty—are you going to be like Ford, have enough money set aside that you can junk your whole outfit and build it up. No business is going to stand still, you have to go ahead or you are going back. You are sitting back on your haunches and are satisfied with yourselves. It may be that you are getting away with it; it may be that the few years left in active business life will be enough for you but the others of you who are still in that striving stage want to do something, you are the men who have to think about it. What are you to do? Where will we get? We have enough competition as it is now—where are we going to get now? What about the loan business? * * *. You ought to be looking to the future yourself and especially the people under you,—they are the ones that count."

G. W. Farrington in discussing "Local Exchange Bureaus and Their Advantages to Our Business" said, "It is very evident that the subject of local exchange bureaus still has some mental resistance to overcome. This is more evident due to the fact that for about the fourth time it has been on the program, and was wished on me.

"The idea of a local exchange bureau is growing very rapidly in all other lines of business as well as showing a great gain among loan men. * * *

"The worst feature in burdening yourself with a bunch of bad accounts is the time and effort and worry that is required in collecting these accounts. Wouldn't it be much better to have your manager spend his time working up good clean business even if it isn't so large, than to have him constantly harassed by a number of exasperating accounts that got their habits of procrastination before you put them on your books. You can't change a man whose character is well established but you can check up and find what that character is before you put him on."

J. H. Gray of Joliet, Illinois, read an interesting paper on "Publicity" in which he said: "This Association represents the brightest minds engaged in the small loan business throughout the United States and I see no reason why we too cannot use national publicity to place our business in its true light before the public. Several years ago this Association sponsored a little booklet entitled, "Making Credit Available for All" and my only regret is that it did not have as wide spread distribution as it deserved. I would like to see a copy of this booklet placed in every home in the United States. We can do this if we are willing to spend the energy and money to do so. * * *.

"If we could raise a fund of twenty to twenty-five thousand dollars to start a national publicity campaign, using a small

ad in the Saturday Evening Post, and offering to send a copy of "Making Credit Available For All" to each inquirer, I believe the results would fully justify the expenditure."

"Credit Service or Budgeting Against Bankruptcy" was the subject of a paper prepared by B. L. Thuma and read by Bert Strang. Some of the wisdom expressed in Mr. Thuma's paper may be gathered by the following:

"A merchant's desire for business or a salesman's ambition for commission should not permit a customer to buy what he does not need or cannot pay for. The ever increasing number of individual voluntary petitions filed just in the Columbus, Ohio district, average almost two a day, indicating that the time has arrived for a change in both merchandising and credit methods. I feel I am safe in saying the experienced loan manager has progressed further in trying to help buyer or borrower and to correct his conditions than any other individual serving him."

With the announcement that the Constitution and By-Laws and Nominating Committees would be ready to report after lunch, the morning meeting adjourned.

Chairman Young opened the Thursday afternoon meeting at 2 o'clock. After some remarks by Messrs. Farrington and Watts relative to the distribution of the earnings of chain offices, in which the latter said that these were distributed by chain offices locally as in the case of individually operated offices, the chairman called upon N. A. Winter, Des Moines, Iowa, who addressed the meeting on the subject, "Advertising—Your Greatest Selling Force." Among other things, Mr. Winter said: "If there is one subject of all the problems that confront industrial lenders to-day that justifies your complete thought, it is that of advertising. Not only because advertising is your greatest selling force, but because it is outside of your own particular office and the service rendered there, your only selling force. * * *

You men have developed your business to such a point now that you should be more interested in selling your services than raising your standards of service higher because if I know the industrial lender correctly, his standards of service are high indeed. How can you make your advertising your greatest selling force? By organizing for yourselves an advertising selling organization the same as your industrial friend, your professional friend, and your manufacturing friend. Your display advertising should carry the dignity and confidence that you want your business to portray to the people of your community. Your illustrations should be of a dignified character—your ads well set up. People are interested in different phases of your business. There may be at least a dozen reasons why people need money or a dozen reasons why they should borrow of you, it all sums down to the same thing, but those are different attacks at which you can get the readers' attention."

Messrs. Youngerman and Wormser took part in the discussion of Mr. Winter's address to the benefit of the members present.

Mr. Charles R. Napier reporting for the committee on the revised draft of the constitution and by-laws said the committee had labored all morning and had finally come to a conclusion to submit the draft with certain alterations. Mr. Napier read the draft and on the motion of Mr. Aufderheide, seconded by Mr. Herron, the old constitution and by-laws were repealed.

Mr. Harbison suggested that the proposed draft be read section by section and adopt each section as it is read. With little discussion, articles 3 to 12 were adopted as read but when article 13 as proposed by the committee, relative to the prohibition of the national association fostering any legislation in any state without the knowledge and consent of the local state association, was reached, Mr. F. R. Hubachek made a strong speech in opposition to the adoption of this article. Messrs. Watts, Buckner, Wormser, Herron, Bryant, Acker, Badger, and Dyer took part in the discussion of this subject which resulted after several rising votes had been taken on the points involved, in the exclusion of article 13 from the constitution.

WILLIAM YOUNG
Retiring National Chairman

On motion of Mr. Watts, duly seconded, the by-laws were taken up and adopted as a whole, the secretary being instructed to read them with the understanding that any member might raise objection to any section if he wished. There being no objection, the by-laws were adopted as read.

The nominating committee reported the following nominations: F. L. Thompson, President, G. J. Badger, Vice-President, G. W. Kehr, Secretary, T. J. Harrison, Treasurer, H. T. Mattingly, Chairman Auditing Committee, W. P. Woll, Chairman Finance Committee, F. R. Hubachek, Chairman Law Committee, L. C. Harbison, Chairman Legislation Committee, W. S. Herron, Chairman Membership Committee, L. K. Osborne, Chairman Publicity Committee, A. H. Williams, Chairman Vigilance Committee. There being no further nominations, the nominations were closed, and the secretary was instructed to cast a ballot for each nominee who were later declared elected.

Mr. Thompson then was escorted to the chair where he listened to Bill Young deliver his valedictory. President Thompson assumed the chair and expressed his appreciation of the honor conferred upon him. He plead for the coöperation of all members of the Association in the year to come, saying: "I may at times be wrong and if I am, do just what I would do, step right on me, get on with both feet and kick and show me where I am wrong, and I will come up smiling. I hope that we can all feel that way and have that same spirit."

On motion of Mr. Watts, duly seconded, the afternoon business meeting adjourned until the next morning.

CONVENTION BANQUET

Some five hundred men and women attended the Convention banquet in the Reily Room of the Claypool Hotel, Thursday evening, September 15th. As each one entered the room, he or she was presented with the compliments of the Indiana Industrial Lenders Association, with a handsome leather bound copy of Reily's Poems entitled, "Songs of Friendship."

Much disappointment was expressed at the inability on account of illness, of United States Senator Watson who was to be one of the speakers, to be present. Illness in the family of Lieutenant Governor Van Orman also prevented his presence. However, the Honorable Howard Bryant made up for this disappointment by making a masterful address.

National Chairman Bill Young presided and introduced C. H. Stratton as toastmaster. At the speakers' table were located all of the speakers, the present and past officers, and members of the A. I. L. A. Executive Committee, along with Rev. J. Ambrose Dunkel, of the Indianapolis Tabernacle Church, and Leon Henderson of the Russell Sage Foundation, New York.

After a few witty remarks, Toastmaster Stratton called upon Mr. Leon Henderson, who told a good story and referred in a complimentary manner to the work being done by Mr. Elmer Johnson, of the Indiana Banking Department in supervising the Small Loan Law in Indiana. The climax of Mr. Henderson's speech was reached when he said:

"There is still work to be done. There will still be work to be done after these glorious banquets that we have. California just had the biggest usury scandal in its history. A total of $15,000,000. in a single case in California—it has brought up intense reaction against charges which will oppress its common people. All over these United States there are individuals, civic groups, social agencies, that want to have the same law that Indiana has."

The toastmaster called upon Tate Harrison, who has won a national reputation for after dinner speaking. Tate as usual got off some good stuff that put the crowd in good humor.

In introducing Mr. Howard Bryant of Baltimore, the principal banquet speaker, Toastmaster Stratton referred in complimentary terms to Mr. Bryant's standing in his home community. Mr. Bryant took as his subject, "The Other Fellow,"

and in it he cautioned those within his hearing never to take advantage of the other fellow who might not be in an equal position. One of his statements was: "You are not going to take anything away with you when you die. You are going to leave it all behind so don't be too greedy, don't be too anxious to accumulate wealth because you can't take it away with you and of course, I am not bothered about that at all. I won't have anything to leave when I go, and therefore I am not interested in that proposition but many of the people here deal in millions of dollars. I just want them to recollect and to know they are not going to take anything away with them when they die, therefore I want you in the future to think about the other fellow and not try to get too much out of it when you have already got enough."

Some more of Mr. Bryant's philosophy was included in the statement that follows: "Too many people in this world fail to think with the power that God and the environment in which they live have given them. They fail to think right. They often employ lawyers to think for them because they are able to pay people to do the things that they ought to do themselves and therefore I want to say to the loan people here to-night and their friends that you might have two standards in this life. One is to think and think right; the other is to act and act right. The man who thinks right, the man who acts right will treat the other fellow as he ought to be treated. There is no doubt about either of those propositions."

At the conclusion of Mr. Bryant's speech, Mr. Young introduced our new president Francis L. Thompson of Shelbyville, who concluded the banquet by a few brief remarks by pledging himself and the whole national executive committee to the movement looking toward the betterment of our business throughout the entire country.

The entertainment during the banquet was provided by Holland's Golden Oriole Orchestra, Florence Welch, soprano, Shubert Quartette, and Irene Reardon, soprano. The menu folders were handsomely gotten up and contained two appropriate poems from the works of James Whitcomb Reily, and a line drawing of William Young, retiring National Chairman.

Friday, September 16

In the absence of the newly elected President, Francis L. Thompson, who was attending a meeting of the executive committee, former National Chairman Young opened the meeting at 10 A. M. and called upon the first speaker, M. L. Anderson, who read a paper on "How May the Public Be Educated to a Better Understanding of the Functions of Industrial Lenders?" There was much food in Mr. Anderson's paper for future thought and action, and the reading of it in full will impress anyone with the seriousness of Mr. Anderson's study of the subject. Mr. Anderson said in part:

"Education like charity, should begin at home. By that I mean that we as industrial lenders if we expect to educate the public must first educate ourselves. Loan office managers, their office employees must be educated to the functions of industrial lenders and as they come in contact with the public at the office window, in their homes, and in their every day contact with others, can sell our loan idea. We have failed to fully realize how important it is that we can and do fully explain the plan to our customers because if a customer really understands us and our ideals, he will not hesitate to explain and recommend our plan to inquiring or fault-finding friends, and that friend to friend recommendation is the most valuable and cheif publicity we can possibly get."

Mr. Stratton then took the chair while Mr. Young made a speech in appreciation of the National Secretary's services and incidentally moved that he be presented with a watch. To expedite matters, Mr. Stratton appointed Mr. Young a committee of one to carry out the purport of the motion he mentioned. Thanks! G. W. K.

In the absence of D. H. Rose, his paper on "What Can We Do Individually or Collectively to Improve Small Loan Conditions That Will Win Public Approval?" was read by Mr. Bert Henderson. Some of Mr. Rose's statements were: "We surely cannot expect the public or public officials or big business to approve of us collectively when there exists in the minds of individuals engaged in the business, a serious doubt as to the good faith of their competitors or when there is good reason to entertain such doubts."

Then further along, he said, "If we hope to dignify our business and win public approval of it from our customers and the public generally, we must think well enough of it ourselves to have a nice office, good equipment and courteous competent office help. We do not need elaborate offices for that would have a tendency to make our customers feel uncomfortable and create the impression of larger profits in the small loan business than is actually true. * * *. If we expect to merit the approval of employers and other interested third parties, we should not lend $200. to a customer who only earns sufficient to pay a $100. loan without its proving to be a burden to him." In conclusion, he said "We have made wonderful progress in the past ten years. We have earned the right to it by deeds rather than by words. What we need to do now to make still further strides is to actually conduct our business as nearly as we can according to our declaration of principles as expressed in our code of ethics.

"We must all make a united effort in this direction. We must clean up our business practice from within for if we do not, all of us will be judged and in a measure held responsible for the shortcomings of the few."

The high quality of all the Convention papers was particularly expressed in Mr. G. J. Dirksen's discussion of the subject, "Are the Interests of Chain Organizations Compatible With Those Individually Operated?" Omitting for the lack of space, Mr. Dirksen's interesting development of this subject, we jump to his conclusion in which he said: "After all, the thing in which the chain lender is interested is the perpetuation and improvement of the small loan business. They are interested because it means their success and livelihood and that is just what the independent is interested in. Both types of lenders are looking toward the same objective and it logically follows that they should go hand in hand in harmony. Their interests are identical. It might be said that the chain lenders by virtue of their size and necessity have done more for the modernization of the business than have the independents, although the job could never have been done had it not been for the hearty coöperation of both. The fact that the various State and National Associations which are composed of chain organizations and independents have been so successful is proof conclusively of the compatibility of their interests."

Invitations from the various cities to which we had been invited to hold our 1928 Convention were then received. Mr. Hancock of Niagara Falls, made a personal plea for the selection of that city. Mr. Stroup came along with a stirring speech in behalf of Grand Rapids, Michigan, in which he was supported by Mr. Buckner. At this time president Thompson announced that the Executive Committee had agreed at its meeting held during the morning, to select Grand Rapids as the place for our next National Convention and that the date would probably be fixed at from one to four weeks later than the Convention held this year.

The Convention decided that it did not want a photograph taken of the group this year.

In the absence of W. J. Igoe, Vernon L. Buchman read his paper on "What Effect Do the Small Loan Departments Operated by a Few Banks have on our Business?" Mr. Igoe's paper was brief and convincing and upheld the position that they have no effect on our business saying that "We know that we do not consider them competitors in any sense of the word. If these banks hurt certain lenders the answer to the question is still the same, since these lenders have not performed the functions assigned them by the small loan law. The lenders who have lived up to the spirit of the law will surely never miss a class of business they never had."

Little time was afforded for general discussion of any of the subjects listed on the program but a few statements were made on the subject, "Is It Fair to our Customers to Close Saturday Evenings?" Mr. Wormser said that he has been closing his office for the last two years at one o'clock on Saturday afternoons, chiefly for the reason that he wanted to give his employees a half-holiday but he admitted that he lost business by it and that his collections were not as good as when he kept open Saturday evening.

Mr. Hancock of Indianapolis said that he was one of the last to come to the 1 o'clock closing on Saturday. His experience had been that he did not lose anything in collections and had improved the morale of his office and he thought the dignity of his business was enhanced by closing Saturday afternoons.

President Thompson called for other subjects for general discussion but the disposition of the Convention was not to prolong the meeting any further as it was too uncomfortably warm.

On motion duly seconded, the Indiana Association, its officers and committee who handled the Convention were given a rising vote of thanks for their help and courtesies. On motion, duly seconded, the meeting adjourned at 11:00 A. M.

Convention Registration List

According to the registration record the following were in attendance: T. Chambless, Birmingham, Ala., H. Weston, San Diego, Calif., M. J. Conn

Waterbury, Conn., Mrs. M. J. Connor, Waterbury, Conn., Geo. M. Wilson, ampa, Fla., A. B. Madison, Atlanta, a., Mrs. A. B. Madison, Atlanta, Ga., dward M. Steimle, Atlanta, Ga., Mrs. . M. Steimle, Atlanta, Ga., C. B. Apegate, Chicago, Ill., P. B. Atchinson, pringfield Ill., L. T. Baker, Chicago, ., James S. Baldwin, Decatur, Ill., oward Brown, Chicago, Ill., Arthur R. ana, Chicago, Ill., Mrs. Arthur R. Dana, hicago, Ill., E. A. Danford, Chicago, l., J. H. Gray, Joliet, Ill., L. C. Harbin, Chicago, Ill., Mrs. L. C. Harbison, hicago, Ill., N. B. Heaton, Hoopeston, l., K. L. Heaton, Hoopeston, Ill., B. E. enderson, Chicago, Ill., Ernest R. Jones, anville, Ill., Mrs. E. R. Jones, Danville, l., E. R. Klein, Chicago, Ill., Mrs. E. . Klein, Chicago, Ill., J. D. Lynch, hicago, Ill., Wm. I. Marsh, Chicago, l., C. McCurdy, Chicago, Ill., Chas. R. apier, Chicago, Ill., Theo. H. Nelson, hicago Heights, Ill., Clifford C. Pond, lgin, Ill., J. H. Sanderson, Chicago, l., Mrs. J. H. Sanderson, Chicago, Ill., ildred G. Seymour, Chicago, Ill., J. . Skinner, Chicago, Ill., Mrs. J. B. kinner, Chicago, Ill., A. P. Snite, hicago, Ill., Mrs. A. P. Snite, Chicago, l., F. E. Tyson, Danville, Ill., Mrs. F. Tyson, Danville, Ill., A. A. Weinkauf, eoria, Ill., A. L. Wick, Evanston, Ill., Irs. A. L. Wick, Evanston, Ill., A. D. Villiams, Chicago, Ill., A. H. Williams, hicago, Ill., F. S. Williams, Chicago, l., W. P. Woll, Chicago, Ill., Mrs. W. . Woll, Chicago, Ill., H. E. Arnett, Iarion, Ind., J. H. Aufderheide, Indianolis, Ind., Mrs. J. H. Aufderheide, ndianapolis, Ind., R. C. Aufderheide, ndianapolis, Ind., Mrs. R. C. Aufdereide, Indianapolis, Ind., F. E. Barringer, erre Haute, Ind., Joseph Baum, Ft. Vayne, Ind., O. S. Beck, Richmond, Ind., . L. Bishop, Indianapolis, Ind., Mrs. . L. Bishop, Indianapolis, Ind., Harry lockson, Terre Haute, Ind., Mrs. Harry lockson, Terre Haute, Ind., Ben Blumerg, Terre Haute, Ind., Max Blumberg, erre Haute, Ind., C. W. Bowman, Winhester, Ind., A. C. Broughman, Marion, nd., L. C. Buckle, Lafayette, Ind., W. . Caldwell, Marion, Ind., R. T. Calener, Marion, Ind., F. J. Case, South end, Ind., E. E. Chenoweth, Portland, nd., Fred Circle, New Castle, Ind., Iarvey Clark, Terre Haute, Ind., J. G. lark, Washington, Ind., Mr. and Mrs. . M. Clements, Indianapolis, Ind., A. . Cross, Ft. Wayne, Ind., Mrs. A. U. ross, Ft. Wayne, Ind., C. A. Crownver, Indianapolis, Ind., W. B. Crump, nderson, Ind., Mrs. W. B. Crump, nderson, Ind., W. O. Curtis, Clinton, nd., Mr. and Mrs. E. H. Deckard, Terre laute, Ind., Mr. and Mrs. C. E. Durnell, ndianapolis, Ind., Mr. and Mrs. G. W. arrington, Indianapolis, Ind., C. L. anser, Hammond, Ind., C. H. Geise, ew Castle, Ind., C. C. Green, Richmond, nd., Mr. and Mrs. G. C. Grinsteiner, ndianapolis, Ind., W. R. Hancock, ndianapolis, Ind., Mr. and Mrs. R. C. lardisty, Indianapolis, Ind., Mr. and Irs. Roy F. Hartz, Indianapolis, Ind., I. B. Hawthorne, Logansport, Ind., hecla Heafner, Muncie, Ind., H. W. lenrich, Brazil, Ind., J. W. Heyns. vansville, Ind., Mr. and Mrs. Paul luenkemeier, Indianapolis, Ind., Mr. and Irs. F. E. Jarvis, Vincennes, Ind., Elmer ohnson, Indianapolis, Ind., Mr. and Mrs. . M. Kaufman, Indianapolis, Ind., Miss Iartha Kroh, Princeton, Ind., L. W. atta, Brazil, Ind., Mr. and Mrs. W. P. Ledbetter, Bloomington, Ind., Wm. Lindburg, Peru, Ind., G. A. Long, Ft. Wayne, Ind., August C. Kean, Terre Haute, Ind., Paul W. Lytle, Marion, Ind., A. B. Keeney, South Bend, Ind., Margaret Klein, Muncie, Ind., T. W. Klein, East Chicago, Ind., M. B. Merritt, Indianapolis, Ind., Mr. and Mrs. C. O. Miller, Indianapolis, Ind., Mr. and Mrs. I. H. Miller, Ft. Wayne, Ind., Robt. C. Miller, South Bend, Ind., Mr. and Mrs. H. C. Mitchell, Indianapolis, Ind., Mr. and Mrs. R. B. Money, Shelbyville, Ind., Mr. and Mrs. Chas. C. McBee, Indianapolis, Ind., W. W. McClure, Union City, Ind., A. E. McNeely, Indianapolis, Ind., Mr. and Mrs. W. B. Nichols, Clinton, Ind., W. C. Nicholson, Marion, Ind., Herman F. Pardieck, Richmond, Ind., J. W. Pierson, Indianapolis, Ind., Mr. and Mrs. Ray Reynolds, Indianapolis, Ind., A. G. Rose, Martinsville, Ind., Frank C. Schnieder, Lafayette, Ind., Mr. and Mrs. F. J. Schurman, Indianapolis, Ind., W. L. Shick, Bloomington, Ind., Paul Shimp, Ft. Wayne, Ind., S. F. Smith, Evansville, Ind., H. A. Stone, Crawfordsville, Ind., Mr. and Mrs. H. W. Stone, Indianapolis, Ind., Mr. and Mrs. C. H. Stratton, Sullivan, Ind., J. P. Stratton, Sullivan, Ind., G. L. Stump, Huntington, Ind., W. A. Swank, Crawfordsville, Ind., W. R. Teel, Indianapolis, Ind., Mr. and Mrs. F. L. Thompson, Shelbyville, Ind., Mr. and Mrs. Joseph Tremmel, Elkhart, Ind., F. L. Walters, Bedford, Ind., Norma Williams, Orleans, Ind., W. A. Zumpfe, Indianapolis, Ind., W. H. Cotton, Des Moines, Iowa, W. L. Glessner, Cedar Rapids, Ia., T. J. Harrison, Waterloo, Iowa, I. B. Jennings, Des Moines, Iowa, Ellis Levitt, Des Moines, Iowa, D. M. Miller, Mt. Vernon, Ia., W. J. Melone, Des Moines, Ia., N. A. Winter, Des Moines, Ia., H. M. Hardesty, Louisville, Ky., Mr. and Mrs. R. M. Rutherford, Louisville, Ky., Dan N. Walker, Louisville, Ky., R. T. Baseman, Baltimore, Md., A. C. Bogert, Baltimore, Md., Howard Bryant, Baltimore, Md., C. A. Gardner, Baltimore, Md., E. E. Hougham, Baltimore, H. T. Mattingly, Baltimore, Md., L. H. Pumphrey, Baltimore, Md., L. H. Schoenijahn, Baltimore, Md., M. W. Newman, Boston, Mass., D. J. Wholey, Lowell, Mass., A. Youngerman, Boston, Mass., J. J. Bentley, Detroit, Mich., Mr. and Mrs. Norman Buckner, Pontiac, Mich., Mr. and Mrs. H. D. Firth, Kalamazoo, Mich., Mr. and Mrs. Benj. Goldstein, Pontiac, Mich., H. J Hanes, Lansing, Mich., J. J. Hanes, Lansing, Mich., A. T. McFadyen, Grand Rapids, Mich., Mr. and Mrs. M. W. Noble, Battle Creek, Mich., Mr. and Mrs. W. G. Stevens, Detroit, Mich., F. E. Stroup, Grand Rapids, Mich., F. B. Hubachek, Minneapolis, Minn., Frank R. Hubachek, Minneapolis, Minn., Mr. and Mrs. J. M. Babbitt, St. Louis, Mo., I Brown, St. Louis, Mo., Robt. E. Hughes, St. Louis, Mo., E. B. Meidner, St. Louis, Mo., Harry Palmer, St. Louis, Mo., J. H. Pollak, St. Louis, Mo., H. Steiner, St. Louis, Mo., Chas. H. Yahlem, St. Louis, Mo., J. H. Wasserburger, Omaha, Neb., G. J. Badger, Jersey City, N. J., Mrs. G. J. Badger, Jersey City, N. J., V. L. Buchman, Trenton, N. J., Mr. and Mrs. W. S. Buswell, East Orange, N. J., A. L. Frye, Newark, N. J., Mr. and Mrs. F. M. Harned, Jersey City, N. J., Mr. and Mrs. David H. Finck, New York City, Leon Henderson, New York City, Chas. H. Watts, New York City, Mr. and Mrs. Fred Napoleon Acker, Cleveland, Ohio, Mrs. F. M. Acker, Cleveland, O., Mr. and Mrs. J. Fred Anderson, Springfield, O., Mr. and Mrs. P. K. Benner, New Philadelphia, Ohio, E. E. Beyer, Cincinnati, O., G. Bilenkin, Dayton, O., C. F. Bucher, Springfield, O., Mrs. A. W. Burkhardt, Cincinnati, O., E. P. Carroll, Akron, O., Mr. and Mrs. J. H. Dyer, Columbus, O., Mr. and Mrs. A. H. Evans, Cincinnati, O., J. Friedman, Columbus, O., Mrs. J. Friedman, Columbus, O., Mr. and Mrs. J. C. Graham, Toledo, O., W. T. Haas, Warren, Ohio, Mr. and Mrs. Fred B. Hill, Columbus, O., Miss Edna King, Youngstown, O., Mr. and Mrs. E. C. Lay, Dayton, O., J. R. Lear, Cincinnati, O., Mrs. J. R. Lear, Cincinnati, O., C. G. Liggett, Dayton, O., A. D. MacDonnell, Lima, O., Mrs. J. Grace Mahan, Chillicothe, O., Mr. and Mrs. J. P. Michael, Columbus, O., Mr. and Mrs. B. F. Miller, Columbus, O., Mr. and Mrs. H. E. Musselman, Columbus, O., L. W. Newman, Columbus, O., Mr. and Mrs. L. K. Osborne, Columbus, O., Col. D. H. Pond, Cleveland, O., J. E. Roby, Columbus, O., Mr. and Mrs. A. C. Schaffer, Columbus, O., T. R. Schoonover, Lima, O., H. L. Starr, Dayton, O., Mr. and Mrs. Bert D. Strang, Columbus, O., R. L. Strattford, Cleveland, O., E. B. Timmermeister, Lima, O., Mr. and Mrs. J. W. Waddington, New Philadelphia, O., Mr. and Mrs. A. C. Wanamacker, Toledo, O., Mr. and Mrs. Sidney Wertheimer, Cleveland, O., C. C. Woodley, Toledo, O., Mr. and Mrs. John M. Woodruff, Cleveland, O., J. H. Zeitler, Columbus, O., Earl H. Biel, Philadelphia, Pa., Mr. and Mrs. W. H. Boullt, Philadelphia, Pa., G. J. Dirksen, Philadelphia, Pa., M. L. Dobyns, Philadelphia, Pa., A. Stanley Ezekiel, Philadelphia, Pa., Alfred Ezekiel, Philadelphia, Pa., Mr. and Mrs. G. C. Fegley, Lancaster, Pa., Mrs. C. H. Harris, Pittsburgh, Pa., Mr. M. Hartman, Pittsburgh, Pa., Mr. and Mrs. W. S. Herron, Andalusia, Pa., H. A. Hoelworth, Philadelphia, Pa., R. H. Hubbell, Erie, Pa., H. H. Larsen, Philadelphia, Pa., Mr. and Mrs. Paul L. Lee, Philadelphia, Pa., G. W. Kehr, Harrisburg, Pa., J. Mahoney, Philadelphia, Pa., E. F. Moore, Philadelphia, Pa., B. D. Moss, Philadelphia, Pa., C. G. Mueller, Philadelphia, Pa., A. L. MacCartney, Pittsburgh, Pa., L. M. Robinson, Swarthmore, Pa., H. Shuster, Philadelphia, Pa., J. G. Sipotz, Sharon, Pa., Mrs. Trudsdale, Pittsburgh, Pa., John D. Williams, Philadelphia, Pa., Mr. and Mrs. Wm. Young, Philadelphia, Pa., Mr. and Mrs. T. O. Wardin, Philadelphia, Pa., G. E. Rich, Pawtucket, R. I., John Richards, Knoxville, Tenn., J. R. Edmonds, Beaumont, Texas, J. E. Burnett, Richmond, Va., Mr. and Mrs. L. E. Pope, Richmond, Va., Mr. and Mrs. Glenn F. Barnes, Fairmont, W. Va., Mr. and Mrs. T. E. Cobb, Huntingdon, W. Va., C. Cunningham, Bluefield, W. Va., B. H. S. Cunningham, Bluefield, W. Va., W. R. Vineyard, West Virginia, H. L. White, Wheeling, W. Va., Mr. and Mrs. Sam Wormser, Huntington, W. Va.

Indiana Wins Attendance Trophy

According to the records turned in by the registration committee, twenty-four states were represented at the Convention but only fifteen states were eligible to compete for the attendance trophy, this being due to the fact that when the rules were formulated governing this contest, it was contemplated that only

the states in which there were state associations existing would be eligible. On that basis, the Indiana Association win the cup this year with 88% of its members in good standing in the A. I. L. A. registered. The other states in which there are state associations showed the following percentage of their members present: Ohio, 44%; Illinois, 41%; West Virginia, 30%; Iowa, 28%; Maryland, 26%; Pennsylvania, 20%; Michigan, 19%; Georgia, 13%; Massachusetts, 12%; Virginia, 11%; New Jersey, 9%; Tennessee, 9%; Rhode Island, 6%; Connecticut, 4%.

Among the unorganized states in which the A. I. L. A. membership is represented and on the basis of percentages, the order was as follows: Texas, 100%; Missouri, 61%; Nebraska, 50%; Minnesota, 50%; Alabama, 33%; Kentucky, 33%.

Grand Rapids Next

Although invitations had been received by letter, telegram, and messenger from the following cities: Grand Rapids, Mich., Detroit, Mich., Buffalo, N. Y., Asbury Park, N. J., New York City, Niagara Falls, N. Y., Chicago, Ill., Washington D. C., Miami, Fla., Toronto, Canada, Philadelphia, Pa., Columbus, Ohio, San Francisco, Cal., Mackinac Island, Mich., Montreal, Canada, Rochester, N. Y., Breezy Point Lodge, Pequot, Minn., Bedford Springs, Bedford, Pa., Richmond, Va., Biloxi, Mississippi, West Baden Springs, Ind., Savannah, Ga., Memphis, Tenn., Atlanta, Ga.—the campaign started by the Convention Bureau of the Grand Rapids Chamber of Commerce at the Cleveland Convention, and later supported by the Michigan Industrial Lenders Association and the Grand Rapids Industrial Lenders Association, resulted in the Executive Committee selecting the "furniture city of Michigan" as the place to hold our next Annual Convention.

Most of the members are familiar with this campaign as the Michigan Industrial Lenders Association through its officers kept things humming throughout the year. No other city had a chance this year because none came to the Convention with the same support of the local Association as did Grand Rapids. On arrival at Indianapolis each member or guest was given a small chair on which was printed a number and these chairs were worn by most of the men on the lapel of their coats until the night of the banquet when drawing took place at the speaker's table for the lucky number that would be awarded the fine upholstered easy chair made in Grand Rapids. It was announced that the 13th number drawn would be the lucky number. The numbers were well shaken up in a hat and Mrs. C. H. Stratton was called upon to do the drawing. The lucky number was 1268 held by Vernon L. Buchman, Secretary of the New Jersey Association from Trenton, N. J. It was presented to him by F. E. Stroup with a few appropriate remarks. Mr. Stroup was also called upon to make the speech in the Convention in behalf of Grand Rapids and he did it very well. In substance he said there wasn't anything that any city could offer that Grand Rapids did not have nor could a city be selected in which greater coöperation could be expected. He guaranteed that the weather would be cool, that the hotel facilities were ample and good eats abundant, and that the amusements would be numerous. Mr. Norman Buckner, president of the Michigan Association, supported Mr. Stroup in his appeal for Grand Rapids and said that we should all bring along our mittens, ear muffs and overcoats as they had cool weather in Grand Rapids early in the Fall.

Mr. Sam Wormser invited the Convention to West Virginia next year before the retiring National Chairman Mr. Young made an appeal for Philadelphia in 1929, saying: "The birth place of the nation and the world's greatest work shop and the birth place of the A. I. L. A. wants the pleasure of entertaining the Convention in the city of 'brotherly love' in 1929."

There was much talk about changing the time of the Convention for next year to a later date in order to avoid the experience encountered this year on account of the heat. Suggestions were made that if the Convention were held from one to four weeks later than this year, the possibilities were that the weather would be more comfortable for traveling and certainly more agreeable for the meetings and other functions included in the program.

Joker Wasserburger

The Convention was shocked Thursday afternoon by a passionate plea for justice from J. H. Wasserburger of Omaha, who with tears in his eyes and tremblingly holding up a newspaper, referred to an attack that had been made on the association by an outrageous article that appeared in the paper. Turning to the chair, he requested that the secretary read the article.

Well the secretary didn't get very far as the newspaper was printed in Hebrew, a language he does not understand, and the convention enjoyed the joke on the secretary.

Convention Personals

As the guests of J. H. Aufderheide, members of the ex-National Chairman's Club were given a luncheon at the Indianapolis Athletic Club during the Convention. Those present and mentioned in the order in which they served were: Messrs. G. W. Kehr, C. G. Mueller, J. H. Dyer, C. H. Stratton, R. M. Rutherford, J. H. Aufderheide, and William Young. The only members of the Club absent were: W. G. Wood and E. P. East, the former being in Europe and the latter finding it impossible to be at the Convention.

W. A. Zumpfe entertained his branch managers, their wives, and local employees at a dinner at the Columbia Club before "A Night in Paris."

Mr. and Mrs. C. H. Stratton and their son J. P. Stratton gave a dinner to the following at the Columbia Club before "A Night in Paris": Howard Bryant, Mr. and Mrs. J. H. Dyer, Mr. and Mrs. R. M. Rutherford, and George W. Kehr.

Mr. and Mrs. A. B. Madison, Mr. and Mrs. Edward M. Steimle motored from Atlanta, Georgia to the Convention. Mr. and Mrs. Madison planned a trip to Illinois to visit Mr. Madison's mother and some friends in Chicago before returning to Atlanta.

Mr. and Mrs. W. S. Herron motored to the Convention from Philadelphia.

Through the courtesy of D. R. Reynolds, national chairman Young and national secretary Kehr enjoyed a swi at the Indianapolis Athletic Club po on their arrival in the Convention cit

Mr. and Mrs. J. Fred Anderson, Springfield, Ohio, were among t motorists to the Convention.

Among the motorists to the Conve tion were Mr. and Mrs. R. M. Ruthe ford, Louisville, Ky.

COMMUNICATIONS

St. Louis, Mo.
September 21st, 1927.

Dear Mr. Kehr:—

I have your letter of the 17th inst. reference to the Missouri Industri Lenders Association and its affiliatio with the American Industrial Lende Association. While I am satisfied it the intention of the Missouri Associatio to affiliate with the National Associatio and in fact our association went so f at their last meeting as to instruct n to attend the National Convention, whi I did. I might state we also had son four other people from Missouri w were in attendance, but there was definite action taken at our meeting wh we organized, towards affiliation wi the American Industrial Lenders Ass ciation, but I will bring this matter b fore our association at the next meeti which is to be held on Nov. 3rd, 1927, Kansas City, Missouri.

For your information, would state t last report I have from the Commission of Finance (who supervises the lender was that 49 licenses had been issu Of these 18 are in St. Louis, 19 Kansas City, and the balance are sc tered around the State. I am satisfi there will be a few more licenses tak out in St. Louis, but just how many am in no position to state. The Ass ciation has a good start, and I am sat fied most of them are well pleased wi the business.

I am going to make a hard drive b fore Nov. 3rd, 1927 to try and get or most of the people operating in M souri to join our Association, and there is any suggestion you have, t would help me, would appreciate if y would send it along.

Yours very truly,
Harry Palmer

NEW CONSTITUTION AND BY-LAWS

Copies of the new constitution and by-laws adopted at Indianapolis, Septemb 15 are being sent to all members w this issue of the Industrial Lenders Ne Any member who should not receive copy to which he is entitled can obt his copy by writing to the secretar office.

SAGE BODY TO AID CURBI LOAN SHARKS

New York, Sept. 19.—(AP)—The sources of the Russell Sage Foundat were pledged today to end the activit of the loan shark and the salary buy at a conference of the National Bet Business Bureau. Delegates from for two bureaus of larger cities attended day's session, the first of four.

Methods of stamping out the lo shark were discussed by Leon Hend son, director of the department of

dial loans of the Sage Foundation. commended the Better Business Bu- au for its attacks upon the evil, no- ily in Atlanta, Ga., where the first of salary buyers, known as the Big Four, re driven out of business.

The Russell Sage Uniform Small-Loan w has been passed in twenty-four ates, he said, and legislation aimed at loan shark has been enacted in New rsey, Virginia, Maryland and Wiscon- , with similar laws pending in New rk, Ohio, Pennsylvania, Iowa, Illino- l Michigan.

Mr. Henderson assured the Better siness Bureau of the aid of the Rus- l Sage Foundation in prosecuting all es of salary buying and usurious actices.

MICHIGAN

The Committee in charge of the An- al Convention of The Michigan In- strial Lenders Association to be held Thursday, Oct. 20th, commencing at 30 A. M. in the main ballroom of the tel Statler, Detroit, have been putting gether every effort to make this the gest convention the Association has er held in Michigan.

One of the principal speakers of the ening will be the Michigan Banking mmissioner, Richard E. Reichert who ll also be with us during the day. r. Thomas M. Kaufman of Indianapolis ll be the Toastmaster and every effort being made to have Prosecuting At- rney Toms, whose department had arge of the campaign against the salary yers, address the meeting.

The entertainment feature of the pro- am will be a "Knockout." The Var- y Trio, Male Entertainers, and Har- ny Singers will supply four numbers d Ann Savoy will give an interpreta- n of some popular dances. Seymour mons Melodians will furnish the sic for the dancing which will follow banquet.

The President of the Association has de a special request for a full attend- ce as some very important matters are be brought up at this convention.

CREDIT OUR BIGGEST PRODUCT

The chief product of the United States lay is not mentioned in the census of anufacturers. It is credit. The extent which we trust one another and live nfidently on one another's promises is more significant thing than our output motor cars or our building operations. is a strictly modern thing, and, on s scale, a distinctively American thing. Probably there is ten times as much edit outstanding in the United States w as there was in 1900, and three or ur times as much as ten years ago. we consult the figures that used to be lled "indices" of business activity—the tput of iron and steel, tons of freight ved by rail, production of coal, ex- rts and imports—we find that none of em has increased nearly so much as e output of credit has.

In any business forecast, credit gets st consideration, for a fault there is etty sure to affect everything else. ow to keep credit good is a question the first importance. We quite lit- ally live on promises. If the promise rns out bad our living will certainly scamped. And that is no figure of eech.

THE SMALL LOAN LAW

Before the State Democratic primary there were indications in several parts of the state that the present small loan law of Virginia allowing an interest rate of 3½ per cent per month—or 42 per cent per year—would be made the object of attack in the next General Assembly. It would appear from a superficial glance that such a law is indefensible. No legislator seems willing to admit responsibility for its passage.

The weak spot, however, is that while there are many to denounce the present law, no one has arisen to propose a satisfactory substitute. The same situation arose in the special session last winter. Several members then wanted to place in the Constitution a provision that no loan should be made above the legal rate of interest—6 per cent. Experience, however, has shown that there are certain classes of small loans that cannot be made on that basis. The result was the loan shark—an individual or syndicate operating outside of and beyond the law. Instances came to light where these "time buyers" and other breeders of the unfortunate charged as much as 240 per cent.

According to J. E. Tyler, Jr., founder of the Legal Aid Society of Richmond, a part of the present agitation against the small loan law and its apparently high rate of interest comes from those who would like to see it repealed in order that they might return to any rate they chose—sometimes in railroad centers 10 per cent for advancing pay for two weeks.

Mr. Tyler points out that no one can take the risks involved in the small loan business, or bear the costs, on a 6 per cent basis. To attempt to make all conform to that rate merely means an era of what he terms "bootleg money."

Merely to attack the present small loan law without providing a substitute gets us nowhere. To assert that there is one interest rate for the rich and another for the poor begs the question. Money in a commercial sense has a market value which fluctuates from time to time, as witness the varying prices at which the city has sold its bonds. In commercial transactions those who can give satisfactory endorsement or security can borrow at a fixed rate. Twenty-five states have recognized, however, that there is a legitimate field for those who will take the risk of making loans of less than $300 to those unable either to give security or endorsement. In view of the risk and the cost of doing small business, a larger rate of interest is allowed. Virginia might do well to see what the rates are in other states.

There is nothing to be gained by passing an unworkable law, or one that merely gives encouragement to the loan shark, operating illegally and charging what he pleases. But there is much to be gained by providing through responsible channels and at a really reasonable charge, funds for those who must meet some emergency, and who have not been fortunate enough, or wise enough, to put by for a rainy day.—*Roanoke, Va., World News.* 8-26-27.

NEW JERSEY

The following is the information regarding the meeting of the State Organization to be held in the Chalfonte Hotel. Cor. N. Carolina Ave. and the Boardwalk, Atlantic City, N. J., October 13, 1927.

Please take notice that there will be no other notice sent to you regarding this meeting owing to the lateness of this notice.

The Luncheon will be served in the gold room of the hotel at 12:00 A. M.

The regular business meeting will be held in the Blue Room of the hotel and will start promptly at 1:30 P. M.

Members of the Executive Committee please take notice that a meeting will be called at 11:00 A. M. in the Blue Room of the hotel.

Arrangements have been made for the entertainment of the ladies and tables for cards have been provided.

For the convenience of those who motor down, arrangements have been made to park their cars in the rear of the hotel.

The following is a program arranged by Chairman Van Horn, which should prove instructive as well as interesting.

1. "Our Past Chairman, Mr. Peter J. Alberse." Eulogy by Mr. Charles H. Watts.

2. "How Business is Conducted at the World's Playground." Address by Mr. R. A. Mansfield.

3. "The National Convention of 1927." Report by Mr. V. L. Buchman, N. J. Delegate.

4. "How the Hudson County Exchange Operates." Address by Mr. W. J. Igoe, Chairman H. C. L. E.

5. "Our Membership Campaign." Address by Mr. William Young.

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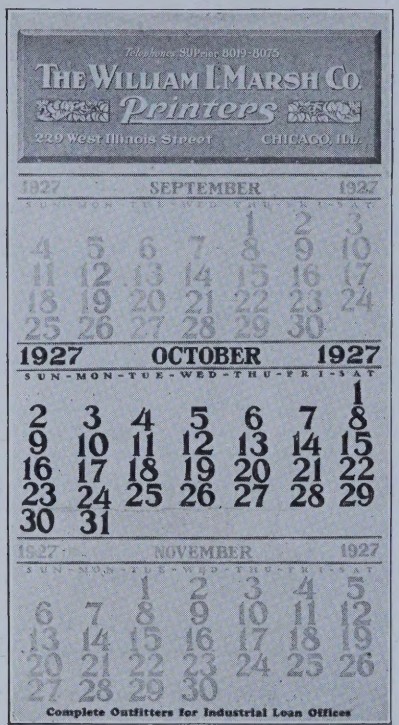

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6. "Should an Account be Continued or Transferred after Removal of Customer to Another Zone?" Address by Mr. E. H. Lambert.

You are urged to attend this meeting.

Also please be advised that if you have not paid your dues, please remit to the Secretary at 203 E. State St., Trenton, N. J. immediately so that he can report all members paid for the last half of 1927.

VERNON L. BUCHMAN,
Secretary.

WIDE DIVERSITIES IN SECOND MORTGAGE PRACTICES

Junior financing as applied to home buying—the process of bridging the gap between the amount that can be borrowed on a first mortgage and the amount the family of would-be home owners have been able to accumulate as savings toward the purchase—shows wide divergences in present business practices and in interest rates. There is general lack of understanding as to risks involved and consequent proper costs, with state laws and their diversities playing a part in causing the discrepancies, standing in the way of more business like second mortgage practices, and so blocking the lowering of financing costs for the home buyer, according to a general survey of junior financing practices which has been made by the National Association of Real Estate Boards.

The survey tabulated data as to second mortgage rates and practices and land contract rates received from 51 cities representing 36 states. It constitutes the most detailed examination which has so far been made by any institution as to the actual present cost of the junior financing of homes.

An interest rate of 6 to 8% on second mortgages is common, and on loans of one year commissions, bonuses or discounts of 5 to 10% are usual, with the possibility of there being bonuses and discounts of such percentages and commissions in addition, the survey found. Moreover, such mortgages if resold, are usually discounted at 15% or more, such resales presumably being soon after execution.

"With necessary cash payments for equities varying from 5 to 40%, commissions or bonuses varying from 3 to 10% for one year loans and from 2 to 20% on three year loans, and such loans discounting at from 10 to 35%, it becomes clear that the problem of putting the junior financing of homes on a sound, profitable and responsible basis, fair to all concerned, is one of general importance," Henry R. Brigham, of Boston, points out in summarizing the survey of findings. Mr. Brigham was chairman of the conference of national organizations interested in the junior financing of homes which initiated the survey.

The survey was made by the National Association of Real Estate Boards in conjunction with a study of the whole subject of junior financing undertaken by the Association in coöperation with the American Title Association, The American Savings, Building and Loan Institute, The Institute for Research in Land Economics and Public Utilities and the Massachusetts Institute of Technology. It is a step in the work begun six years ago by the National Association of Real Estate Boards to bring home building and home financing the advantage of a better understanding of the actual conditions in the making of junior liens, the actu risks involved in such liens, and th proper necessary costs proportionate t the risk.

It is planned to follow the survey wit a further study of the factors show to be involved, looking toward a stand ardization of the junior financing con parable with that already established i the first mortgage field.

Rapid increase of use of second mor gages in the purchase of homes was r ported by 15 of the 51 cities giving da for the survey. Slow increase was r ported by 14 of the cities, and a stationa condition in 19. No cities reported an decrease. An increase of responsib second mortgage companies was reporte by 18 cities. A promising sign is th increase of more reputable compani coming into the second mortgage fol and the experience of at least one suc company in annually reducing its rat as it finds it can do an increasingly lar business profitably at decreasing costs.

LAND CONTRACTS FOUND SOMEWH LESS RISK THAN SECOND MORTGAGES

Land contracts appear to be somewh less in use than second mortgages, b the prevailing rates of interest on la contracts seem to be about the sam 68%, and the discount rates if sold a very similar, varying generally fro 5-10% for one year to 12-20% for thr years, or 20-30% for five years to ru the survey finds. The required do payments where land contracts are us are reported as usually 10% where where second mortgages are used though many cities report a 10% or l down payment twenty report 15% more.

The most striking difference betwe the two methods of financing seems be that in the cases of land contracts out of 29 cities reported that only 25-50 of payments on account of principal a required before maturity. The land co tracts it would seem are therefore co sidered safer and less troublesome cases of failure to pay.

TITLE LAWS CAUSE DISCREPANC WHICH ADD TO COST

The laws of the various states p some part in causing the great discr ancies in the second mortgage busine the survey found. The percentages value of houses on which financial in tutions can loan money are gener fixed by law, and these percentages naturally lower than they would be more stable real estate mortgage c ditions could be established. The t laws in many states could be chan so as to make one examination, abstr or certificate satisfy all persons int ested in a given piece of prope Finally mortgage laws, particularly to foreclosure proceeding might in m cases profitably be amended so as make such proceeding less complica less expensive, and more expediti without destroying reasonable protect to the mortgagers. It is also thou that in some states the taxation usury laws could safely and wisely amended for the mutual benefit of concerned in the mortgage business.

Usury laws are sometimes blamed making it impossible to do a second m gage business on a straight interest b rather than the more usual basis of terest, commissions, bonuses and counts all mixed and added toget

but the latter basis seems to be more common even when usury laws do not prevent high interest rates.

Here are some conditions found by the survey which show why the cost of junior financing must be higher than that of a first mortgage.

1. *Cost of Title Examination 2 to 5 Times That of First Mortgage.*

Second mortgages on houses usually are about $1,000 to $2,000 in amount, the highest figure in the present survey being given as $3,000. The average outstanding at any one time on a second mortgage is probably much nearer $1,000 than $2,000.

First mortgages on houses doubtless average nearer $5,000 each than $2,000, and the result is that the cost of examination of title appraisal of property and checks on borrower's status for second mortgages is probably two to five times as much per thousand dollars as the same costs in connection with a first mortgage.

2. *Short Term Plan Adds to Cost*

It further appears that second mortgages generally run for comparatively short terms, sixteen cities saying from one to three years, and twenty cities reporting them as usually running three to six years.

3. *Type of Borrower Adds to Risk*

It seems also to be the experience of some second mortgage companies that the applications for loans in proportion to those accepted is extremely large and probably a great deal larger than the proportion of loans applied for to those granted by institutions loaning on first mortgages. That of course increases the costs of overhead. There are in general four types of borrowers: (1) the man buying a house for a home; (2) the man buying a house for an investment; (3) the man borrowing money on a house he already owns in order to get money to invest in his business; (4) the man borrowing to buy some commodity such as a player piano or automobile, or to pay some personal liability or indebtedness he has incurred. From the lender's standpoint the risk is usually the least with the first man and the greatest with the fourth man, and it is but fair that rates should increase with risks.

NEW MEMBERS

The following members have been enrolled since our last issue:

Harry Palmer, 118 N. La Salle St., Chicago, Ill.

People's Loan Society, 76 E. Main St., Waterbury, Conn.

Welfare Loan Co., 925 Ambassador Bldg., St. Louis, Mo.

Jacob G. Clark, 1-3-5 E. South St., Washington, Ind.

Hoopeston Finance Corp., 411 Willdon Bldg., Hoopeston, Ill.

C. L. Pine Loan Co., 207 Schneider Bldg., St. Joseph, Mo.

Jackson County Loan Co., 214 Keith & Perry Bldg., Kansas City, Mo.

Richards Loan Co., 301 W. Vine St., Knoxville, Tenn.

State Rate Loan Co., Rm. 6, Insurance & Loan Bldg., Bloomington, Ind.

The Household Finance Co., 406 United Bank Bldg., Cleveland, O.

Buckeye Finance Co., 207 E. New York St., Indianapolis, Ind.

Steiner Finance Co., 2212 S. Broadway, St. Louis, Mo.

Robert Hughes & Co., 119 N. 7th St., St. Louis, Mo.

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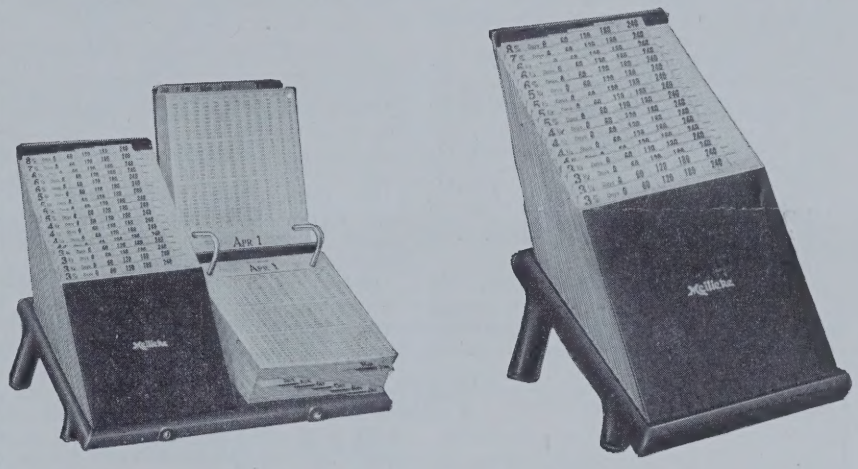

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Community Finance Service, Inc., 50 Baltimore St., Cumberland, Md.
Community Finance Service, Inc., 5 E. State St., Trenton, N. J.
Citizens Finance Co., 412 Park Bldg., Cleveland, O.
Illinois Cash Credit Corp., 5423 N. Clark St., Chicago, Ill.
Illinois Cash Credit Corp., 2037 Belle Plaine Ave., Chicago, Ill.
Illinois Cash Credit Corp., 2443 Lincoln Ave., Chicago, Ill.
Illinois Cash Credit Corp., 3128 N. Ashland Ave., Chicago, Ill.
Illinois Cash Credit Corp., 3321 N. Clark St., Chicago, Ill.
Maryland Cash Cerdit Corp., 1524 W. Baltimore St., Baltimore, Md.
Kentucky Cash Credit Corp., 2605 Bank St., Louisville, Ky.
New Jersey Cash Credit Corp., 700 Emory St., Asbury Park, N. J.
New Jersey Cash Credit Corp., 694 Broadway, Bayonne, N. J.

MEETING SCHEDULE

NEW JERSEY—Atlantic City, Oct. 13.
FLORIDA—Tampa, October 13.
CONNECTICUT—New Haven, October 19.
VIRGINIA—Roanoke, October 20.
MICHIGAN—Detroit, October 20.
RHODE ISLAND—Providence, October, 20.
MASSACHUSETTS—Boston, October 26.
ILLINOIS—Chicago, October 27.
MISSOURI—Kansas City, November, 3.
PENNSYLVANIA — Philadelphia, November 9.
TENNESSEE—Knoxville, November, 17.

New Jersey Cash Credit Corp., 154 Sanford St., E. Orange, N. J.
New Jersey Cash Credit Corp., 40-A Bergen Ave., Jersey City, N. J.
New Jersey Cash Credit Corp., 45 Park Ave., Rutherford, N. J.

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To aid loan offices in accomplishing these express purposes, the Institute has had this Thrift Book printed. By enabling the borrower to check his expenditures, he will be able to plug the "leaks" and save money. His savings insure prompt payment to you. And he is satisfied, for you have lifted him out of debt. The satisfied borrower is your *real advertiser*. He is the one who will recommend his friends to you. "Service Plus" to him through the medium of "My Thrift Book" will build your business beyond your fondest expectations. For increased profits—send for a free copy of "My Thrift Book," with nominal price list.

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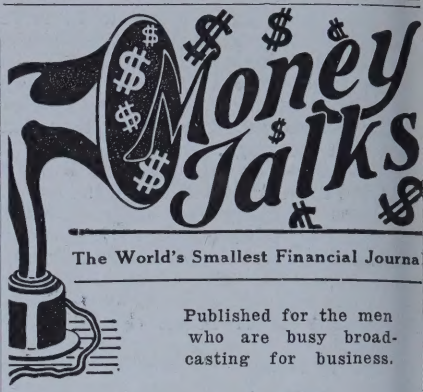

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applied this test to everything in connection with his business. His principle of eliminating non-essentials from everything was perhaps the biggest factor in his eminent success.

Does it earn?
Does it save?

Apply these same test questions to our Industrial Lenders Advertising Service—both are answered in the affirmative.

Does it earn?

Our customers are daily increasing the number and amount of their loans by using our service, and thereby increasing their profits. Full details of their convenient loaning service is placed in the hands of new customers—old customers—prospective customers—everybody who has, or may have in the future, a need for ready money. A steadily increasing list of subscribers proves that our customers are getting satisfactory results.

Does it save?

The average Industrial Lender who prepares his own advertising copy spends a good many hours of his valuable time worrying over copy that may or may not bring results. His time is worth a great deal more than the $5 month charge for our service prepared by trained sales promotion men.

It earns—It saves

There is no guess work to it. You can materially increase your business and decrease your cost per loan by subscribing to this service and using your valuable time to increasing the efficiency of your office.

Send us your order, or ask for sample copy, now.

A. A. Winter

N. A. WINTER

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INDUSTRIAL LENDERS NEWS

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YEA MICHIGAN

The 11th Annual Convention of Michan Industrial Lenders Association, held the Hotel Statler, Detroit, October th, 1927, was the best attended and ost enthusiastic meeting that Michigan ssociation has ever known. Among ose present from out of the State were, M. Kaufman, Indianapolis, Harry rake, B. E. Henderson, D. L. Gill, M. Stokes, C. C. Woodley, E. R. Klein d L. K. Osborne.

Michigan is very proud of the fact at Grand Rapids was selected for the 28 National Convention, and the Assoation has already appointed a Comittee to act with Mr. MacFadyen of e Grand Rapids Convention Bureau, to art making preparations for an interting, and successful Convention next ar. We had as our guests at the ternoon session, C. E. Kaye, Chief eputy Banking Commissioner, Ralph ench, State Examiner, and S. B. Kempn, representative of Detroit Better Busiss Bureau. Mr. Kempton, (who with e assistance of the Prosecuting Attory's Office, was very successful in drivg the Salary Buyers out of Detroit), s started a Campaign on Auto Loan arks, which does not apply to financing w deals, but does apply to refinancing, d direct loans, and has asked for an pression from our Association as to ether or not they could operate sucssfully under the uniform act unfortutely this subject came out of a clear y, and did not give us much time for liberation, therefore no definite action as taken, but the concensus of opinion as that they should be compelled to perate strictly in accordance with the iform act on all loans of $300.00 or ss. The question box brought out some teresting subjects, one of which caused spirited debate as to whether or not is advisable to loan on Real Estate, hich ended without a motion being made king for an expression from the body a whole. Mr. Kaye, Deputy Bank ommissioner, was very much interested these debates, because they brought it facts that led him to believe that ere must be some reason why the Rusl Sage Foundation should recommend 3½% law, which he had heretofore ought exorbinate.

Owing to the fact that the Michigan ssociation has made excellent progress the past two years, the entire set of ficers were elected for the third conecutive time upon the recommendation the Nominating Committee as follows: hairman, Norman Buckner, Pontiac; ice Chairman, J. J. Bentley, Detroit; ecretary, W. G. Stevens, Detroit; Treasurer, J. Hanes, Lansing; E. R. Klein, Fifth Member of Executive Committee. The Chairman appointed the following Committee: Publicity, Roy Siemon, 904 Transportation Bldg., Detroit; Nominating Committee, F. S. Whaler, Grand Rapids, E. A. Smith, M. W. Noble. National Convention Committee, F. E. Stroup, 507 Commercial Savings Bank Bldg., Grand Rapids, F. S. Whaler, I. Stroup, P. Casult, S. M. Dinsmore, R. E. Pierce, A. B. Cadawalder. The next meeting will be held in Lansing on the third Thursday in April 1928. Chairman Buckner made an appeal to the State Members, who have not joined the American Industrial Lenders Association to do so at once, which was followed by a forcible talk by T. M. Kaufman of Indianapolis, in which he stated facts which makes it imperative, that every one should belong for the protection of their business. Meeting adjourned at 5:30 P. M.

More than 200 attended the evening Banquet, at which T. M. Kaufman of Indianapolis, excelled as Toastmaster. The first Speaker, B. S. Kempton, Detroit Better Business Bureau, gave an outline of why, and how the Salary Buyers were driven from Detroit. Next in order was C. E. Kaye, Deputy Banking Commissioner, who said a lot of nice things about us, and in one of his statements he said, he had learned many facts today about our business, and that if he attended one more Convention he would probably be a firm believer in 3½%. You can rest assured that he will be invited to our next Convention. Frank A. Ferguson, Assistant Prosecuting Attorney, gave a very snappy, and interesting talk on laws, and things in general.

Taking the day as a whole it was the liveliest, best attended, and most interesting meeting, we have ever had followed by an excellent banquet, and speakers, that were a pleasure to listen to. With the end of Home Sweet Home at midnight, it brought to a close a perfect day for the Michigan Industrial Lenders Association.

W. G. Stevens,
Secretary.

GIVEN 2 WEEKS TO QUIT USURY

The Michigan Industrial Lenders Association, the Better Business Bureau and the prosecutor's office were aligned today in a campaign against a large number of local automobile loan companies, who are said to be charging usurious interest rates of 200 per cent.

"We will give these loan companies just two weeks to change their methods," S. B. Kempton, investigator and attorney for the Better Business Bureau, said today. "We are giving them their chance to clean house. If they don't we shall force them to do so through lawful means."

The Michigan Industrial Lenders Association decided last night at its annual convention at Hotel Statler to join the movement against the "automobile loan sharks." The association, which is an outgrowth of the Russel Sage Foundation, has 124 companies operating in the state.

At the convention it was charged that auto loan companies not only are charging usurious rates of interest but are taking possession of contract property by illegal methods, doing business without proper licenses and evading the requirements of the law by subterfuge.

"These companies are doing a gross business of $100,000 a week, affecting 2,000 persons," Mr. Kempton estimated today. "Their charges range from 25 to 200 per cent.

"It is their usual practice to buy the car from the borrower and sell it back to him at high interest rates. This is done to get around the law, which specifies this type of loan shall not exceed $300 at terms of not more than 3½ per cent on the unpaid balance a month.

"The worst part of the shyster loan company's operations is the fact that if a borrower gets slightly behind on his payments—in some cases only a day behind—the company takes possession of the car. And it takes the car merely by having its agent drive away with it.

"This is an illegal practice that must stop. It is required by law that a company or person must start a suit in court, obtain a writ of replevin, file a bond for twice the value of the automobile, and have a court officer serve the writ."
—*Detroit News.* 10-21-27.

MOVE ON AUTO LOAN SHARKS

To bring to time and possibly to cell block certain automobile loan concerns who, it is charged, are holding up borrowers for as high as 300 per cent interest, the Michigan Industrial Lenders' Association decided yesterday at its annual convention in Hotel Statler to seek the coöperation of the prosecuting attorney's office.

The State Lenders' Association, a product of the Russell Sage Foundation and consisting of 124 companies operating in Michigan under the small loan act passed by the legislature in 1921, declared it also would carry on a campaign to edu-

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Items intended for publication should be addressed to G. W. Kehr, Box 778, Harrisburg, Pa. Forms close last day of each month.

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Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

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Vigilance, A. H. Williams, 360 N. Michigan Ave., Chicago.

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W. Va.—A. H. Knox, 370½ Market St., Parkersburg.

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Va.—H. M. Fenner, 201 New Monroe Bldg., Norfolk.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

cate the public to the fact that loans negotiated at such interest were not worth the paper they were written on and repayment of them was not enforceable.

3½ Per Cent Maximum

The law governing this type of money lending provides for a maximum loan of $300 at terms of not more than 3½ per cent a month. The law also puts such licenses under the supervision of the State Banking Department and demands the licenses be bonded.

"According to law, borrowers asked more than that amount need not pay," declared Norman Buckner, Pontiac, chairman of the association. "They need not pay even the principal, for that matter.

"Under the same law, persons charging over that amount can be arrested, fined $500, or imprisoned for six months, and we intend to see, unless the practice is stopped, that some one goes to prison.

"The gouging is made doubly severe by the fact that if a man slips a payment, the gouger is quick to appropriate his automobile and then, when he makes up his overdue payments, take another wallop at him by charging him extra for the trouble in seizing the car."

"Not All Alike"

"We do not maintain that all automobile loan offices are conducted this way, but we do say that the practice is getting out of hand and many people are suffering from it."

The association elected the following officers: Chairman, Norman Buckner, Pontiac; vice-chairman, J. J. Bentley, Detroit; secretary, W. G. Stevens, and treasurer, J. A. Hanes, Lansing.

C. E. Kaye, chief deputy banking commissioner; Frank Ferguson, assistant prosecutor; S. G. Kempton, of the Detroit Better Business Bureau, and T. M. Kaufman, Indianapolis, talked at the association banquet in the evening.—*Detroit Free Press.* 10-21-27.

SPECIAL NOTICE

To Members of Indiana Industrial Lender's Association:

We are mighty glad to announce that the 12th Semi-Annual Managers Convention will be held in the home city of the "largest" loan man in Indiana—the home city of T. M. Kaufman of the Aufderheide organization.

Richmond

Westcott Hotel, 10:00 A. M.
Wednesday, November 9th, 1927.

O. S. Beck, chairman of the Conventon Committee assures the secretary that you will not be disappointed if you attend this meeting. The program has been arranged to please everyone and it is needless to tell you that Mr. Beck and the other members of the committee together with Mr. Kaufman will see that you have a good time.

We are enclosing you a post card. Kindly fill this out *NOW*, mail today in order that proper reservations may be made. There will be a luncheon at noon, the cost of which will not exceed $1.50.

This is the first time in the history of this Association that a meeting has been held in the eastern part of the state and we owe it to those who are working faithfully to make this meeting a splendid one by giving them our coöperatio

The success of any convention depen upon the attendance. We sincerely ho you will reply favorably.

Yours very respectfully,
Roy F. Hartz, *Secretary,*
Indiana Industrial Lenders' Associati

MINNESOTA

The Minnesota Interim Commissio which was appointed by the last sessi of the Legislature to look into the ope ation of the Small Loan Laws in sever States, visited during the last month Chicago, Indianapolis, Harrisburg, Phil delphia, Trenton, New York, Hartfo and Boston. In each city they conferr with the state officials under whose supe vision the small loan laws are admini tered, as well as with legislato prominent citizens, lenders and borrowe

The mission of the Commission is determine by first hand knowledge if t small loan laws in effect for several yea in a number of states are a success a whether they really solve the small lo problem.

From all accounts we learn that t Commission was very well satisfied wi their trip and that they secured mu valuable data to present to the next se sion of the Minnesota Legislature wh it convenes in 1929.

The Commission was composed o Mrs. Mabeth H. Paige, Messrs. J. Sweitzer, Ray J. Quinlivan, Guy E. D ley, Otto D. Nellermoe, and Miss Ha lin, secretary.

PUBLICITY

The good work of educating the pu lic in the business of legitimate sm loans continues by the Georgia and V ginia Industrial Lenders Associatio The Georgia Association in last mont *"City Builder,"* the publication of t Atlanta Chamber of Commerce, us what we believe is a forceful adverti ment. The text of it on the back co page follows:

"They Used to 'Pass the Hat'"

"Down in the factory, the boys u to pass the hat when one of the men ca up against a financial difficulty. Nc adays, the laboring man, the salaried m and other people in all walks of life, co to Industrial Lenders where they obt dignified, business-like loans of $10 $300. A liberal repayment schedule formulated so that the borrower can p back his loan without undue hardsh Only a moderate, state supervised cha is made.

"But the large service which Industr Lenders render in such an emergency the fact that the borrower obtains financial help in a way that gives h absolutely no embarrassment and enab him to maintain his self respect. F men, if any, desire to put themsel under financial obligations to their frie and associates. They welcome this opp tunity of getting the money they need their own responsibility.

"Your employees should be very ca ful to arrange such loans with only th companies known as Industrial Lend They can borrow $10 to $300 from a one of the companies, listed below, n complete confidence. No Loan Comp is an Industrial Lender unless the ab certificate is displayed. Direct them

ıdustrial Lenders; you will safeguard eir interests and guarantee a reliable rvice."

GEORGIA INDUSTRIAL LENDERS ASSOCIATION

he Mark of Dependable Loan Service

Member Companies in Atlanta:
ity Investment Co., 517 Atlanta Trust Bldg.
outhern Security Co. Inc., 204 Atlanta Natl. Bank Bldg.
he Master Loan Service, Inc., 212 Healey Bldg.
eaboard Security Co. Inc., 250 Peachtree Arcade
ulton Industrial Corporation, 608 Atlanta Natl. Bank Bldg.
eneficial Loan Society, 228 Candler Bldg.
opular Finance Corporation, 301 Peters Bldg.
nited Small Loan Corp., 30 Peachtree Arcade
ecurity Industrial Corp., 201 Peters Bldg.
outhland Loan & Investment Co., 205-8 Forsyth Bldg.

perated Under the Supervision of the State Banking Department.

Nothing could be more convincing that ıe banking rate of interest cannot be pplied to small loans, than the quotation the top of the ad used by the Virginia ssociation in *"The Richmond,"* the ofcial publication of the Richmond Chamer of Commerce. Covering all of the ack cover page, the ad appears as folows:

> "A statute making it illegal to accept more than 6% interest should be entitled, 'An Act to prevent a man without means from borrowing money.'"—Judge Alton B. Parker, as Chief Justice of the Court of Appeals of New York State.

"The Virginia Industrial Lenders' Asociation is composed of the companies ngaged in the small loan business and perating under the uniform small loan aw.

"The small loan companies are an ecoomic necessity, for they furnish a lendng agency to the industrial employee, ho has no collateral, and no adequate ecurity.

"In the absence of such a lending gency the small borrower, without colateral, would be forced to bootleggers of ıoney, and would pay as high a rate of ıterest as the need of the borrower comelled.

"The Uniform Small Loan Law was rafted by the Russel Sage Foundation fter eight years of scientific study of he needs of the small borrower.

"This law has been adopted and is now ı force in the following twenty-five tates: Arizona, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Maine, Maryland, Massachusetts, Michgan, Missouri, New Hampshire, New ersey, New York, Ohio, Oregon, Pennylvania, Rhode Island, Tennessee, Utah, Virginia, West Virginia, Wisconsin."

VIRGINIA INDUSTRIAL LENDERS' ASSOCIATION

The Small Loan Law is the solution found by leading economists and social scientists for the financial needs of the ndustrial employee.

MARYLAND

The regular monthly meeting of the Maryland Industrial Lenders' Association, was held in the Board Room, 22 Light Street, Friday evening, October 21st.

The meeting was called to order promptly at 8:35 P. M., by the chairman, Mr. Gardner.

Upon motion duly seconded the minutes of the previous meeting were approved as distributed.

Roll Call: There were 41 present at this meeting representing 25 offices.

REPORTS

Treasurer: Mr. Baseman reported a balance of $501, on hand.

Publicity: Mr. Holden reported 94 lines of publicity in the daily papers. There was quite a discussion relative to the advertisement that the Association is running in the magazine published monthly by the Baltimore Association of Commerce, headed, *"Your Employees."* Mr. Holden was asked to see that eleven more articles along the same order were prepared for future editions of this magazine.

Executive: Mr. Mattingly made the following report:

September 30, 1927.

Special meeting of the Executive Committee was held at the home of Mr. Howard Bryant, 302 Ghancery Road, Guilford, Friday evening, September 30th, at 8 P. M. The following members were present:

Messrs. H. T. Mattingly, Howard Bryant, E. E. Hougham, A. E. Potter, R. T. Baseman, J. I. Hamburger, J. E. Turner, J. L. Rosenfeld, and E. M. Garren.

The first subject discussed was the matter of visitors at the coming banquet, some of those suggested were: The Judges of the Supreme Bench, Chief of the Police Department, Chief of the Fire Department, Representatives from the *Baltimore Sun,* the *News, American* and the *Post.*

Report of the Committee on By-Laws will be ready for the next meeting of the Association.

Mr. Howard Bryant suggested that the members of the Maryland, Pennsylvania and Virginia Associations have a golf match at the Maryland Country Club.

Mr. Howard Bryant offered to write a paper to be read before the members on "The Legal Aspect of the Small Loan Law in all of its phrases."

Mr. C. H. Hood, would like to become a member of the Maryland Association, and it was the opinion of the majority of the members at this meeting that we should welcome him back and that we would secure a worker when he joined.

Mr. Howard Bryant suggested that the Maryland Industrial Lenders' Association put aside a certain sum of money each year to buy books for the Pratt Library, and that he will see that we have a shelf in the library known as The Lenders' Shelf.

There was quite a discussion as to the advisability of the Lenders starting an employment bureau. After considerable discussion it was decided that it was best to postpone this for the time being at least.

Mr. Bowie of the Baltimore & Ohio Railroad Company is to be asked to address us at one of our meetings.

Mr. Bryant will take up with the Chairman the naming of a Legislative Committee to get in touch with members of the next Legislature.

Respectfully submitted,
H. T. MATTINGLY,
Chairman.

Membership: Mr. O'Neil reported that he had called on four offices and had secured one new member. Mr. O'Neil mentioned the fact that while his whole committee was very active there was one in particular that was just bubbling over with activity. All of those present, of course, understood that Mr. O'Neil was referring to Mr. Rosenfield.

Banquet: Mr. Mattingly reported that everything is ready for the banquet Tuesday evening and assured us that the only ones that would be disappointed would be the ones that did not attend.

Entertainment: Mr. Punphrey said that Mr. Mattingly had made the report of the entertainment committee when he reported on the Banquet.

Mr. Sweezey reported that he had visited the Industrial Bankers Incorporated, Mr. W. P. Bishop, Manager, and that as this office was no longer doing business they wished to tender their resignation. Upon motion duly seconded, the resignation of the Industrial Bankers Incorporated was accepted.

By-Laws: Mr. Bryant read the proposed new By-Laws and Constitution that was recently mailed you and with a few slight changes they were accepted by those present. Mr. Bryant was asked to see that the necessary changes were made and 500 copies printed. The Secretary will mail a copy to each member as soon as they are printed. Upon motion duly seconded this committee was discharged with thanks for their very able work.

Mr. Bryant reported that he had talked with Mr. Bowie of the Baltimore and Ohio Railroad Company, relative to Mr. Bowie giving a talk to the Association on Salary Assignments, and that Mr. Bowie would give this talk at one of our future meetings.

Mr. Bryant advised us that he had taken up with the Enoch Pratt Library officials the suggestion that the Maryland Industrial Lenders Association have a shelf in the library to be known as the "Maryland Industrial Lenders Shelf." There was a lengthy discussion on this subject as to just what the cost would be and especially what kind of books would be on this shelf. Mr. E. F. Moore suggested that books would help people to adjust their financial problems, books on Thrift, Budgeting, and so forth, were the kind that should be on this shelf. Judging by the reception that Mr. Moore's suggestion received the members present agreed with him. Mr. Bryant was asked to go into the matter further and to report back to our next meeting.

The secretary reported that he had received the resignation of the Columbia Finance and Used Car Company. Upon motion duly seconded the resignation was accepted.

The Secretary reported that there were still a large number of the members in arrears in their dues. It is hoped that if you are one of these members that you will see your way clear to mail a check to the Secretary at once, so that your name will be taken off of the delinquent list. All dues are payable in advance on the first of each month.

Mr. Gardner was asked to act as a com-

mittee of one to visit the Victory Finance Company relative to their resignation.

The Secretary was asked to visit the Standard Finance Company.

Both of the above are to report back to the next meeting.

Mr. O'Neil presented the name of Mr. C. Howard Hood of the Interstate Loan Society for membership in the Association. Upon motion duly seconded Mr. Hood was unanimously accepted into membership.

There being no further business to come before the Association, it was regularly moved and seconded that we adjourn until Tuesday evening, October 25th, when we will gather around the Banquet Table at the Rennert Hotel.

E. M. GARREN,
Secretary.

A meeting of the Maryland Industrial Lenders Association was held in the Board Room, 22 Light Street, Wednesday evening, September 14th, at 8 P. M.

The meeting was called to order by the Chairman, Chester A. Gardner.

Upon motion duly seconded the minutes of the previous meetings were approved as distributed.

The roll was called showing 42 present representing 21 offices.

Treasurer's Report: Mr. Baseman reports cash on hand $347.00, with all bills paid.

Publicity Committee: Mr. Holden reported that there has been 150 lines of publicity in the newspapers.

Law Committee: Mr. Howard Bryant, Chairman, reported that he had nothing to report.

Vigilance Committee: Mr. Rosenfeld reported that there had been an Independent Association of Baltimore Lenders organized. Membership to consist of offices managed by their owners only. No chain members allowed. This organization is known as the Baltimore Lenders Association. After a number of the members had discussed the new organization it was agreed that while we were sorry these offices had not become members of the Maryland Industrial Lenders Association, we were glad that they had formed an Association and felt sure that if it became necessary at any time to call a meeting of all of the Maryland Lenders it would be an easy matter for the two organizations to get together.

Secretary's Report: Mr. Garren reports that there had been a letter mailed to all delinquent members and that while some of the members had responded with checks, there were still entirely too many members in arrears in their dues. The Secretary was instructed to send notices to all members the first part of the month showing amount that is due and to try and get in touch with some of those that are in arrears on the telephone and report at the October meeting.

Mr. Sweeney was asked to visit the Industrial Bankers Incorporated, and report at the next meeting.

Upon motion duly seconded, the resignation of the Lend-U-Money Bankers was accepted.

Mr. Mattingly, Chairman of the Banquet Committee, asked the members present just what kind of a Banquet they desired, what date to have it on, and did they want the ladies to be included or should it be a stag affair.

It was decided to hold the Banquet October 25th, and that we most certainly did want the ladies to be present.

Upon motion duly made and seconded The Commercial Service and Credit Company of Cumberland was unanimously elected into membership in the Maryland Industrial Lenders Association.

Upon motion of Mr. E. F. Moore, duly seconded, a form of membership application was decided on and turned over to Mr. Howard Bryant for attention.

Mr. Howard Bryant, H. T. Mattingly, E. F. Moore, I. L. Rosenfeld and several others spoke on the Thirteenth Annual Convention of the American Industrial Lenders Association. The following is the report of Mr. H. T. Mattingly, who was the representative of the Maryland Industrial Lenders Association at this convention.

REPORT

Gentlemen:

I am much obliged for having had the privilege to serve as the representative of this body to the Thirteenth Annual Convention of The American Industrial Lenders Association.

Those of you who did not seem fit to attend missed being present at a real gathering of Licensed Lenders representing practically all of the Uniform Loan Law States. The old Hoosier State boys did themselves proud in making us as comfortable as possible in view of the fact that the thermometer continued to register around ninety-eight during our stay and they saw to it that we got nothing worthwhile to quench our thirst or make us warmer.

The most important business to come before the meeting was the adoption of a new Constitution and By-Laws and we regret to report that our dreams of a duel membership by virtue of a federation of states was not adopted, thus we must continue to take membership and pay dues in each body separately if we are to continue as members.

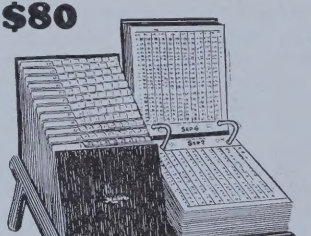
Also unfortunately and very much in our opinion section or article thirteen of the new By-Laws was voted and ordered stricken out by the national body.

Section Thirteen was to prevent the national body or its representatives from interfering with the laws of any Uniform State without first submitting their plan to the local State Association, and as it stands today, they have the right to enter any state to tamper with our law without you having the privilege of knowing of their presence. Not very healthy condition in my humble estimation. However no law exists preventing the members of this Association from keeping their ear to the ground, their shoulders to the wheel and stand as one at all times to prevent anyone or everyone from trampling upon the rights that we are rightfully entitled to, and rights that must be respected. It is common decency and nothing more.

Some splendid papers were prepared and read and as they will probably appear in the year book with many new thoughts we will not comment upon them here.

The banquet was well attended, about four hundred being present and the Maryland Association together with Baltimore city and indeed the entire state has every reason to be proud of the address of one of its leading citizens, who made the principal address of the evening.

$80



Does Your Calculator Need New Cards?

Individual cards may be purchased and inserted yourself. We send full instructions. Or we will make you an allowance on your old calculator —to be applied on the purchase of our **New Combination Time Finder and Interest Calculator**—our final achievement after 10 years' research.

We Can Outfit Your Office with Forms and Advertising at a Remarkable Saving. Send for Our Portfolio.

THE WILLIAM I. MARSH CO.

229 W. Illinois Street **CHICAGO, ILLINOIS**

The William I. Marsh Co. _____ 192
229 W. Illinois St., Chicago.

Gentlemen: Please send us cards for Model U Calculator as follows:

Cards, 65c Each **Front Cover, $1.25** Put check in square

Send Combination Time Finder and Calculator on 10 days' approval ☐
Send Portfolio of Forms and Advertising ☐

Name _____

Street Address _____ City and State _____

Name of Party ordering

onorable Howard Bryant, president of e City Council, was never in better rm nor more interesting, and when you issed his talk on "Consider the Other ellow" you missed a masterpiece well ought out.

Respectfully submitted,
HOWARD T. MATTINGLY.

There being no further business to me before the Association, it was regarly moved and seconded that we ljourn.

Respectfully submitted,
E. M. GARREN,
Secretary.

NEW JERSEY

The quarterly meeting of the New Jerey Industrial Lenders' Association, was eld at the Chalfonte Hotel, Atlantic ity, October 13, 1927.

Luncheon was served in the Blue Room the Chalfonte Hotel at 12:30, at which ere were approximately 40 members in tendance. The Chairman called the embers' attention to the demise of our ast Chairman, P. L. Alberse. C. H. Vatts rendered a eulogy in which he reilled the leadership that P. L. Alberse d taken when the Association was small d how he had worked with other mems of the Association to further its rogress, and how he could always be pended upon to do his part. He closed asking the members to stand in silence memory of the late Chairman.

The meeting was called to order at two clock by the Chairman, Mr. Van Horn. The Secretary called the roll. The folwing Associations responded:

The American Equity Corporation, Atntic Industrial Loan Company, Atlas oan Society of Atlantic City, Atlas Loan ociety of Camden, Beneficial Loan Soety of Camden, Elizabeth, Jersey City, ewark, Orange, Paterson, Trenton and nion City, Bergen County Loan Assoation, Community Finance Service, Inc. Elizabeth, Jersey City, Atlantic City, amden and Newark, Continental Fiance Corp., Guarantee Loan Company, ew Jersey Cash Credit Corp. of Asbury ark, Camden, East Orange, Elizabeth, ackensack, Jersey City, Newark, Trenn and Union City, Peoples Loan ompany, Personal Finance Company of ersey City, Van Horn Agency of New runswick, Van Horn Agency of Trenn.

The minutes of the last meeting were proved as distributed. The Secretary ead the minutes of the Executive Comittee meeting. A motion was made and conded that they be accepted. Carried.

REPORTS

Mr. Montgomery, Chairman of the xecutive Committee, asked the Secrery to read the minutes of the last two eetings which constitute the report of is committee. The Secretary read the eports and it was regularly moved and conded that they be accepted. Carried.

F. M. Umlauft, Chairman of the Pubcity Committee, reported that he had one some personal work in addition to aking progress.

Mr. Buswell, Chairman of the Enterinment Committee, reported that Mr. Iansfield, Manager of the Community inance Service of Atlantic City, had ade the arrangements for the meeting eld in the city and that everything was very fine, and that he wished to thank Mr. Mansfield for such able coöperation with the Entertainment Committee.

Mr. Young, Chairman of the Membership Committee, reported that there were seven new applications for membership.

Mr. Watts, Chairman of the Legislative Committee, reported progress.

Mr. Bloom, Chairman of the Special Committee, made no report.

Mr. Watts, Chairman of a Special Committee, reported that inasmuch as no action was to be taken regarding note lending, he recommended the chair to discharge the Committee. The Association accepted the report and asked the Committee to be discharged with thanks.

NEW BUSINESS

Mr. Young, Chairman of the Membership Committee, submitted the following names for membership:

Beacon Finance Corporation, 812 Military Park Bldg., Newark.

Ideal Finance Association, Inc., 128 Market St., Newark.

Community Finance Service Inc., Room 8, Forst Richey Bldg., Trenton.

Conservative Credit System of N. J., Inc., 671 Broad St., Newark.

National Finance Service, Inc., Firemen's Bldg., Newark.

Personal Finance Co., of Hackensack, 162 Main St., Hackensack.

Personal Finance Co. of Kearny, Professional Bldg., 407 Kearny Ave., Kearny.

These were voted upon and were unanimously elected to membership in the Association with all the rights and privileges that the Association affords.

R. A. Mansfield, Manager of the Community Finance Service of Atlantic City, gave an address on "How Business is Conducted at the World's Playground." Mr. Mansfield brought out a number of very interesting points showing that they had exceptional cases to deal with in Atlantic City inasmuch as the ctiy's facilities are used to a great extent for people to recover their health and that a lot of people come to Atlantic City, not realizing the expense necessary to live there and eventually find it necessary to secure financial assistance; also owing to the floating population there were many unusual circumstances that arose in conducting business in that city.

Mr. Vernon L. Buchman, a delegate to the National Convention at Indianapolis, submitted a report regarding the various papers read, and many points of interest and business that was transacted at this meeting. He also reported that he enjoyed the entertainment held at the Columbia Club showing "A Night in Paris," and that he was thankful to the Association for sending him there inasmuch as he was fortunate enough to win a very handsome chair as put up by the Michigan Lenders' Association in order to advertise Grand Rapids as the next National Convention city. Mr. Buchman also reported that Colonel Badger was elected as Vice-President of the A. I. L. A. and the members at this time gave a standing vote in honor of our own New Jersey man being chosen as an officer of the National Association.

An address was given by W. J. Igoe, "How the Hudson County Exchange Operates." Mr. Igoe, being Chairman of a very large and efficient Exchange Bureau, cited that they were exchanging information in various cities through one well regulated and systematized Exchange Bureau, which was helping in a great measure to check up on skip accounts and preventing them from doubling up when they moved from one city to another. It was brought out in this address that Mr. Igoe and his exchange had developed some very essential knowledge, which no doubt would have a far-reaching effect in uplifting and a more successful operation of the bureau. This subject will be brought up at a later date for further discussion.

Mr. William Young, Chairman of the Membership Campaign, distributed a lot of cards to the Chairmen of the different Exchange Bureaus in New Jersey, as well as to some of the Lenders and asked that each Lender and Chairman of the Exchange coöperate in securing additional members for the State Association and that he send in either an application for membership in the Association or the card which representative was given, reporting on that particular non-member whom he had visited and his reason for not joining the Association. The members promised to respond and Mr. Young hoped that we could increase our membership considerably, and inasmuch as our membership is now 101, there is no reason why we should not have a considerably larger membership by the end of the year.

E. H. Lambert, Manager of the Guarantee Loan Company of Camden, gave a very splendid report on "Should an account be continued or transferred after removal of customer to another zone?" Mr. Lambert brought out some very splendid points in this analysis and he believes that an account should be transferred to a lender immediately upon removal from his particular territory rather than try and collect that account by mail and then when the account becomes slow, send it to the lender, and during this time it is altogether possible that this particular skip has doubled up and you encounter more trouble than if you had forwarded it immediately. There were so many good points brought out in this paper that it was decided to take it up at the next meeting.

Mr. Badger requested that the Secretary of the New Jersey Industrial Lenders' Association obtain from the National Secretary application blanks of the A. I. L. A. and send an application of both Associations to members applying for membership in the State Association.

There being no further business, a motion was made to adjourn the meeting at 4:30 P. M. Carried.

Please take notice that a special meeting is called for Thursday, November 17th, said meeting to be held at the Robert Treat Hotel, Newark, N. J.

Luncheon will be served at 12:30 and the charge will be $2.00 per plate, which includes luncheon, tips and a room for the meeting. Immediately after the luncheon we will adjourn to one of the adjoining rooms and proceed to hold our meeting, at which time the matter of amending the Constitution, Section 10, will be discussed. The proposed amendment is as follows:

> "Dues of the members shall be based at 50c per 1,000 on the average loan balance for the previous year, with no maximum and a minimum of $10 per year for individual membership."

A. E. Montgomery, Chairman of the Executive Committee, has called a meet-

ing of this committee to be held in a room at the Robert Treat Hotel at 11 o'clock A. M., November 17th, so the Executive Committee please take notice.

In addition to this very important subject being taken up, a number of things will be thoroughly discussed that were not disposed of at the Atlantic City meeting and this meeting should prove interesting as well as beneficial to the Association, and all members, as it is hoped through this amendment to the Constitution that we can greatly increase our membership in the Association.

Please make your memorandum now as no other notice of this meeting will be sent to you and we request your presence.

VERNON L. BUCHMAN,
Secretary.

CAMDEN, N. J.

A regular monthly meeting of the Camden Lenders Exchange Bureau was held October 19 in the Grill at 517 Arch Street, at 1 o'clock.

The following members were present:

American Loan Company, Mr. Owens.
Atlas Loan Society, Mr. Pierce.
Beneficial Loan Society, Mr. Miles.
Community Finance Service, Mr. Varley.
Guarantee Loan Company, Mr. Lambert.
New Jersey Cash Credit, Mr. Krause.
Popular Finance Corporation, Mr. Armstrong.

All members were present except Mr. Russell, Manager of the New England Equity Corporation. As our guest we had with us Mr. E. H. Biel of the Guarantee Loan Company.

On motion it was moved and carried to dispense with the reading of the minutes of the previous meeting.

We first heard the report of the committee to change the heading of our newspaper advertising. Mr. Armstrong reported that the change had been made but due to the Trustee System which is a note lending company the heading was changed from Chattel Loans to Industrial Loans as the heading Chattel Loans would bar this particular company from appearing in the same column with us. This question was referred back to the committee to arrange to classify our advertising differently in order that the Bank Advertising would not always head our column.

The Secretary reported that he had attended to the communication with the Trenton Exchange relative to establishing a dividing line between the two districts. It was moved and carried to let this rest until we hear from the Trenton Exchange.

Report of the Grievance Committee:

The Popular Finance Company and the Community Finance Company reported a double up account;—both companies having made a loan to the same party. This matter was referred to Mr. Pennell the Exchange Manager who promised to make an early report to both companies concerned.

The question of calling the Exchange office on the telephone to exchange names was discussed and settled satisfactory to all members.

It was regularly moved and carried that a copy of the Exchange Minutes be sent to the secretary of the INDUSTRIAL LENDERS NEWS along with the request that he have same published in the LENDERS NEWS.

There being no further business it was moved and carried that we adjourn.

L. E. MILES,
Secretary of Local Exchange.

THE STANDARD BOOK ON
SMALL LOANS

This book, "Usury and Usury Laws," required three years to write. The author traveled extensively and carried on an immense amount of research. The results justify the efforts made. It is now the Standard Work on the subject. It was awarded the highest prize awards at Harvard University and also the Hart, Schaffner & Marx First Prize of $1,000 for the best essay on Economics in 1924.

A Test of What You Know About Small Loans

1. Why was interest forbidden in the Bible?
2. Why are usury laws continually disobeyed?
3. Ancient Babylon had no usury laws. Why?
4. New Jersey has eliminated "Loan Sharks." How?
5. What is the latest form of "loan shark"?
6. What is the difference between a commercial loan, an investment loan and a consumers' loan?
7. Irving Fisher says a usury law cannot work. Why?
8. Arthur H. Ham says the right kind of usury law will always work. How?
9. Five different kinds of institutions make consumers' loans. What are they?
10. What is the fair "scientific" rate for small loans under $300.00? How determined?
11. What countries have non-price-fixing usury laws?
12. What state saved $4,000,000 to its borrowing workers by enacting the correct type of usury law?
13. Forty-three states have usury laws. Five states haven't. Why?
14. Small loan laws do not govern pawnbroking. Why?

All these questions are answered in "Usury and Usury Laws." Sent for $2.50 postpaid. Order from

AMERICAN INDUSTRIAL LENDERS ASSOCIATION

10 South Market Square, Harrisburg, Pa.

PENNSYLVANIA

The Twelfth Annual meeting of the Pennsylvania Industrial Lenders Association will be held in Philadelphia at the Bellevue-Stratford Hotel, November 9. An all day session has been arranged with a program consisting of reports of the officers, papers and discussions by members, and a luncheon, concluding with a banquet in the evening at which a record-breaking attendance is expected.

The luncheon speaker will be Alexander Wall, Secretary Robert Morris Associates, a national Association of Financial Credit Men. His subject will be "The Personal Statement."

The banquet speakers will be Freas H. Snyder, Executive Vice-President of the Mitten Men and Management Bank and Trust Company, Philadelphia, who will talk on "The New Currency." Judge Theodore G. Risley, Solicitor of the Department of Labor, Washington, D. C. and Assistant to the Attorney General of the United States, will also be one of the banquet speakers. Judge Risley will speak on "Industrial and Social Progress."

VIRGINIA

A regular meeting of the Virginia Industrial Lenders Association was held the Hotel Roanoke, Roanoke, Virginia on Thursday, October 20, 1927.

The meeting was called to order by Chairman Burnette at 10:30 A. M.

The Secretary read the minutes of the previous meeting, and no corrections being noted, same were approved as read.

The following members answered the Roll Call:

Richmond: Citizens Small Loan Society, United Small Loan Corp., Virginia Small Loan Corp., Beneficial Loan Society.

Norfolk: Citizens Small Loan Society, Empire Company, Beneficial Loan Society.

Roanoke: Roanoke Loan Society, Beneficial Loan Society, Roanoke Unit Small Loan Corporation, Dixie Small Loan Corporation.

Lynchburg: No response.

Portsmouth: Beneficial Loan Society

Alexandria: American Small Loan Corporation.

Newport News: Mutual Small Loan Corporation.

Petersburg: American Small Loan Corporation.

Secretary's Report: We have 26 members on the roll with dues paid to date. The five Appleby offices are still carried on the records but have not been active for the past year, nor have they paid any dues for that period.

There are two applications for membership in the Association, accompanied by check for application fee and dues, which have been turned over to the Treasurer. The applications are to be voted on at this meeting.

Treasurer's Report: Due to the absence of the Treasurer, the report was read by Chairman Burnette.

The Secretary's report and the Treasurer's report were approved as read.

Chairman's Report: The Chairman made a complete report on legislative matters and letters that appeared in the forum of the Richmond newspapers.

The editorials were considered fair.

Legislative Report: Mr. Moss reported meeting of the Legislative Committee in September 25th, in Richmond—also that the letters appearing in the forum of the Richmond papers had been ignored by the Industrial Lenders in Richmond.

Mr. Burnette: Brought up the matter of advertising in the Richmond Chamber of Commerce magazine *"Richmond,"* under the name of the V. I. L. A. Mr. Moore made a motion that the V. I. L. A. allow the Richmond members to continue the advertisements under the name of the Association for Educational Purposes. This was seconded by Mr. Moss, voted and carried.

Mr. Moss made motion that the Richmond members be requested to use the same and address of the Chairman and Secretary of the Association in this work. This was seconded by Mr. Bradshaw, voted and carried.

Membership Committee: Mr. Moore reported that three applications for membership had been received and should be voted on.

Norfolk: Mr. Bradshaw reported progress and stated the members were clearing as before and that it appeared to be very satisfactory.

Roanoke: Mr. Price reported that the Clearing House was working very satisfactory and that five members were clearing as usual, with good results.

Lynchburg: No report.

Newport News: Mr. Benton reported that the C. & M. Bank of his city was advertising loans from $10.00 up to the working people and not paying him off. Also the salary buyers were still operating.

Mr. Smithdeal of Richmond reported that the C. & M. Bank had sent representatives to Richmond to investigate making small loans in that city. Mr. Moore made quite an interesting talk on this subject.

Special Committee: Mr. Moore advised that he had been unable to contact with Mr. Appleby in regard to having his offices return to active membership in the Association, but an investigation found that the same conditions existed in Tennessee as in Virginia, and that Mr. Watts had an appointment to meet Mr. Appleby.

Mr. Moore reported that the Association now had three applications for membership as well as another interested, but stated that only the manager was interested, the owners not.

Mr. Moore made motion to drop the name of the Arlington Small Loan Corp. from the records, which was seconded, voted and carried.

Mr. Burnette made motion to extend the thanks of the Association to Mr. Moore for his excellent work and to continue him as Chairman of the Membership Committee, which was unanimously carried.

Mr. Burnette presented several letters which covered correspondence between Virgil H. Goode, one of the counsel for the Association, and M. E. Bristow, Chief Bank Examiner. These letters were read and ordered spread on the minutes of the Association. Motion to this effect was made by Mr. Bradshaw, seconded, voted and carried. The following is a copy of the complete correspondence:

WALLERSTEIN, GOODE & EVANS
LAW OFFICES
Richmond, Virginia.

October 18, 1927.

MR. J. E. BURNETT, *Chairman,*
Virginia Industrial Lenders Association,
Richmond, Virginia.

DEAR MR. BURNETT:

I regret that the trial of an important case will prevent me from being present at the meeting of the Virginia Industrial Lenders Association to be held in Roanoke on October 20th. Due to my inability to be there and in person report upon several matters, I am writing you this letter.

I was asked to obtain from the banking division a ruling on the method of computing interest under the Uniform Small Loan Law. I am attaching hereto a copy of my letter of September 16th, requesting that ruling, which I will ask you to read to the convention. (Here read this letter.)

I am also attaching a copy of the letter from the banking division, dated September 22, 1927, in reply to my letter. From this it will be seen that the banking division suggests that the lenders follow a rule of considering all months as having thirty days.

I wish to advise that the ruling by the banking division is not final for all purposes, for the reason that should a loan be contested in court as having charged thirty days interest for February, when as a matter of fact, there were actually only twenty-eight days, the court would not be bound by the ruling of the banking division. I think, however, it would be persuasive upon the court.

I was also asked on behalf of Virginia Industrial Lenders Association to offer my services to the banking division in connection with the proceedings against the Richmond Small Loan Company, charged with violating the Uniform Small Loan Law. I enclose a copy of my letter to Mr. Bristow, Chief Examiner, dated September 21, 1927, in which this was done. (Here read the letter.) I also enclose a reply, dated September 22, 1927, from Mr. Bristow, and one dated October 3, 1927, from C. M. Chichester, counsel for the Commission, accepting this offer and thanking the Association for same. (Here read these letters.)

Regretting that I cannot be with you in person, but wishing for you a successful meeting, I am,

Very truly yours,
(Signed) VIRGIL R. GOODE.

WALLERSTEIN, GOODE & EVANS
LAW OFFICES
Richmond, Virginia.

Sept. 16, 1927.

MR. M. E. BRISTOW, *Chief Bank Examiner,*
Department of Banking,
State Office Building,
Richmond, Virginia.

DEAR SIR:

As one of the counsel of Virginia Industrial Lenders Association, I have been requested to ask you for an opinion concerning the method of computing interest under the Uniform Small Loan Law of this state.

The statute reads:

> ".....interest at a rate not to exceed three and one-half per centum *per month.* Interest shall not be payable in advance or compounded, and shall be *computed on unpaid daily balances."*

The question has arisen whether the day is adopted as a unit or whether the month is the unit. For instance, if a payment is made on a loan on February 15th, and another payment is made on the same loan on March 15th, February having only twenty-eight days, is the last transaction considered a month's interest or only twenty-eight days. By comparing the February transaction with one on the same date in other months, you will see where the difficulty, or rather the question arises.

I find that some of the offices are following the day-unit theory while others are following the month-unit system. They are anxious to be uniform in this matter, but above all, they desire to be correct, and if you will give us an opinion on this matter, it will be highly appreciated and will allow the companies to adopt the same system.

Thanking you very much, I am

Very truly yours,
(Signed) VIRGIL R. GOODE.

STATE CORPORATION COMMISSION BANKING DIVISION,
Richmond, Virginia.

Sept. 22, 1927.

MR. VIRGIL R. GOODE, *Attorney-at-Law,*
Travelers Building,
Richmond, Virginia.

DEAR SIR:

In answer to your letter of the 16th in so far as this office is authorized to rule on the subject we should say that the month is the unit in the statute to which you refer. At the same time we do not think that the industrial lender should attempt under this construction to obtain thirty-one days for a month or one day in addition, taking to the practice adopted by some of the banks. Except where fractional parts of months are involved the interest should run from one date to the corresponding date of the following or other month. In the case illustrated by you it would mean that the period between February 15th and March 15th on other than leap years would involve a loss of interest to the borrower of two

days which as I see it can not be helped, but in the long run the borrowers will be the gainer and I think the statute should be construed as favorable to them as possible.

Yours very truly,
(Signed) M. E. BRISTOW,
B:M *Chief Examiner of Banks.*

WALLERSTEIN, GOODE & EVANS
LAW OFFICES

Richmond, Virginia.
Sept. 21, 1927.

MR. M. E. BRISTOW, *Chief Examiner,*
Department of Banking,
State Office Building,
Richmond, Virginia.

DEAR SIR:

The Virginia Industrial Lenders Association has instructed me, as one of its counsel, to notify you that it would be pleased to have me lend you any assistance that you may desire in the matter against the Richmond Small Loan Company, in which they are charged with violating the Uniform Small Loan Law.

I wish to add that I personally will be glad to coöperate with your counsel and render whatever service that he may deem advisable, and I shall be glad for him to call on me at any time during the progress of this matter.

Very thuly yours,
(Signed) VIRGIL R. GOODE.

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION, BANKING DIVISION

Richmond, Virginia.
Sept. 22, 1927.

MR. VIRGIL R. GOODE, *Attorney-at-Law,*
Travelers Building,
Richmond, Virginia.

DEAR MR. GOODE:

Your letter of the 21st received. I shall be very glad to have you associate yourself with the Corporation Commission's counsel in handling any violations of the small loan law, subject, of course, to Mr. Chichester's approval also.

I am deeply appreciate of your willingness and that of the Virginia Industrial Lenders Association to coöperate with us in the enforcement of the small loan law.

Yours very truly,
(Signed) M. E. BRISTOW,
Chief Examiner of Banks

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION, BANKING DIVISION

Richmond, Virginia.
October 3, 1927.

VIRGIL R. GOODE, ESQ., *Attorney-at-Law,*
Travelers Building,
Richmond, Virginia.

DEAR MR. GOODE:

A copy of your letter of September 21, 1927, to Mr. M. E. Bristow, Chief Examiner, with reference to the proceedings against the Richmond Small Loan Company, has been received and in reply I desire to say it will afford me personal pleasure to avail myself of your kind offer should occasion arise.

With personal regards, I remain
Yours very truly,
(Signed) C. M. CHICHESTER,
Counsel.

Mr. Moore offered a resolution to change the heading of all advertising matter as follows: "Loans from $10.00 to $300.00," instead of "up to $300.00." This was properly seconded, voted and carried.

The following applications were voted on and admitted to membership in the Association:

Roanoke, Va.: Pilot Small Loan Corporation, General Finance and Small Loan Corp.

Bristol, Va.: Beneficial Loan Society of Lynchburg, Inc.

It was decided that the annual meeting will be held in Richmond, Virginia, on Thursday, January 26th, 1928, the time and place of meeting to be selected by the Richmond members.

There being no further business to consider the meeting was adjourned at 1:15 P.M.

An excellent Banquet was held in the Hotel Roanoke at 6:00 P. M. and it was the pleasure of the Association to listen to some very interesting speakers. Music and dancing followed the banquet, which was enjoyed by all.

H. M. FENNER,
Secretary.

ILLINOIS

The regular quarterly meeting of the I. I. L. A. was held Thursday evening, October 27, in the East Room of the Hotel LaSalle, Chicago.

An excellent dinner was served and following that, the business meeting was called to order by Albert P. Snite, Chairman.

Satisfactory reports were made by the Treasurer, and Secretary on finances and membership, showing only two delinquent members.

A letter of thanks from the Salvation Army was read, acknowledging receipt of donation of $500.00 received from our members in a lump sum due to the efforts of President Snite, who appealed to Chicago members for contributions to this worthy cause.

During an interesting talk on progress to date, Mr. Snite made request that members paying up an account for a customer with another loan company make payment by check instead of cash and attention was urged to the necessity of finding ways and means to prevent a double mortgage on personal property.

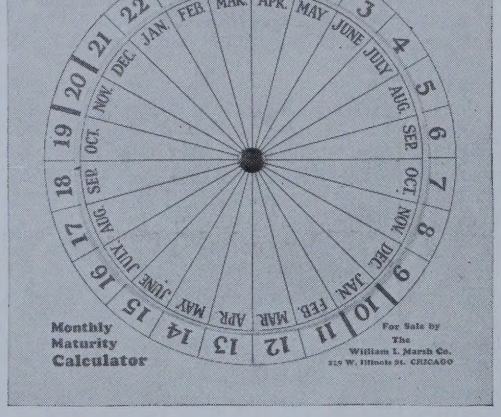
The speaker of the evening was Mr. Charles R. Napier, who made an interesting and highly instructive talk on the Industrial Loan Law recently passed in England, which provides for interest at 4%, a higher rate than the Uniform Small Loan Law. He also spoke on the technical side of assignment forms and notices; also methods of handling the sale of mortgaged property, when it is turned over to the holder of the mortgage.

This was a very interesting meeting and the attendance showed the appreciation of our members.

J. H. SANDERSON,
Secretary.

WEST VINGINIA

The regular meeting of the West Virginia Lenders Association was held in Wheeling, Thursday, October 13th at the Hotel Windsor.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JAN FEB MAR APR MAY JUNE JULY AUG SEP OCT NOV DEC
Monthly Maturity Calculator
For Sale by The William I. Marsh Co. 229 W. Illinois St. CHICAGO

Monthly Maturity Calculator

THE LAW states that you must show "date of final payment" on statement of the loan.

THIS CALCULATOR SHOWS AT A GLANCE JUST WHAT MONTH THE LOAN IS TO MATURE. *EXAMPLE*—This is March. Inner circle is set so that April is shown as the first month—then a fifteen month loan will mature in June, of the next year. ONE OF THESE SHOULD BE IN EACH CLOSING ROOM. Made of strong mounting board with easel back.

In Single Lots Sent Prepaid, **$1.25** In Lots of Six or More Sent Prepaid, Each **$1.00**

THE WILLIAM I. MARSH CO.

229 W. Illinois Street CHICAGO, ILLINOIS

Complete Outfitters for Industrial Loan Offices — Forms, Advertising and Calculators

The meeting was called to order romptly at 10:00 o'clock A. M. and as presided over by Chairman Sam Vormser. There were fourteen members resent.

The Secretary read the minutes of the st meeting, and also reported a membership of twenty-seven, all in good tanding and dues paid to date with the xception of one member.

The Treasurer's report was as follows:

alance in bank, June 23, 1927	$640.50	
)eposit, August 17, 1927	175.00	
)eposit, October 11, 1927	35.00	
		$850.50
ess Disbursements		
ttorney fee, legislative matters	$500.00	
lembership dues to Natl. Body	15.00	
ostage, etc.	5.00	
		$520.00
ash on hand October 11, 1927		$330.50

The Treasurer's report was accepted s read.

The Membership Committee reported o new members since the last meeting ut had three new applications pending hich would no doubt become members efore the next meeting.

A special committee which had been ppointed to investigate matters pertaining to the collection of over 6% per annum after the account had been reduced o a judgment, reported that the general pinion of most attorneys was to the ffect that the court would not permit nything above 6% interest per annum.

The meeting adjourned for luncheon at 2:00 o'clock noon, and directly after uncheon, the members had the pleasure f hearing a short address from Mr. Corcoran, Secretary of the Wheeling Chamber of Commerce, and also Mr. Noyes, who is a large corporation attorney of Wheeling. The association felt highly onored at having these two splendid gentlemen as guests.

The afternoon session was called to rder at 2:00 o'clock and the nomination nd election of the members of the Executive Committee for the ensuing year esulted as follows: C. G. Liggett, Chairman) A. H. Knox, Sam Wormer, H. L. White, C. F. Cunningham, Delmont Jeffers and Wm. B. Grimes.

The Executive Committee met immediately after and the following officers vere elected for the ensuing year. A. H. Knox, Chairman, H. L. White, Vice Chairman, Sam Wormser, Treasurer, Wm. B. Grimes, Secretary.

The new Chairman was duly installed nd appointed committeemen to serve on he following committees: Legislative Committee, H. L. White, Chairman; Membership Committee, Sam Wormser, Chairman; Vigilance Committee, Wm. B. Grimes, Chairman, and A. M. Arthur, vith other members to be appointed on each of the foregoing committees at a ater date.

Sam Wormser's motion to have the ssociation books audited before same vere turned over to the new Treasurer, arried and the following were appointed s auditors, L. G. LeMaster, Wm. B. Grimes, F. H. Withrow.

It was decided to hold the next meeting in Charleston some time during the atter part of February, but before setting an exact date, the Secretary was instructed to write the National Secretary and learn the date of other state association meetings so that the date of our next association meeting would not conflict to any great extent with other state meetings. This is meant to insure a larger attendance from those outside the state who are always anxious to attend our meetings, but heretofore have been unable to attend on account our meeting date being too close or on a date set for their own state meeting. As soon as the National Secretary furnishes the desired information, the Executive Committee will in due time decide the exact date, and notify the members.

"How to get and keep New Business" was the subject of a paper prepared and read by A. M. Arthur. This paper was very instructive as well as interesting but for lack of space in this report a full account cannot be given. A full text of the paper will appear in the next issue of the LENDERS NEWS.

"How to Bring a Favorable Understanding of Our Business" was the subject of a paper which was prepared by Delmont Jeffers. This paper was equally as interesting and as carefully prepared as Mr. Arthur's and will also be published in the LENDERS NEWS of next issue.

Following the reading of the papers, Sam Wormser submitted his report of the National Convention. Mr. Wormser's report was well taken and proved to be very interesting.

There being no further business the Convention stood adjourned.

WM. B. GRIMES,
Secretary.

HOW TO GET AND KEEP NEW BUSINESS

BY ARNOL M. ARTHUR

How to get and keep new business is a subject of first importance to all you gentlemen engaged in the loan business. For new business in any office keeps that office in a healthy condition, and reduces to a minimum credit losses caused by continued overloading old customers.

When we think about obtaining new business the first medium that presents itself for our attention is newspaper advertising. This is divided into display and classified advertising. Display advertising is fine for educating the general non-borrowing public about our business, about the helpful financial service we render those in need, that it is a clean, dignified and legitimate business, licensed by the state and bonded to the public. But from the standpoint of real results, a steady flow of applications and a good percentage of these applications turned into good loans you will find that the classified space is both cheaper and the percentage of applications secured is much higher if continued daily space is used in the classified columns under the heading of "Family Loans up to $300." I have kept records of applications received from newspaper advertising and find that classified advertising always produce the greater results.

The prospective borrower, when he needs cash, turns promptly to the classified section of his favorite paper, knowing that it will contain just the ad he is looking for. It is the market place for the lender and the borrower.

The next medium to consider is the circular letter. It is a business getter if properly used. Great care must be taken to select the proper section of the city from which to select the names that are to be circularized. It is next to useless to send these letters into the exclusive residential sections, where the chances are that our letters will carry no appeal because the recipient does not have need of our services. On the other hand they should not be sent into the slum district or we will be flooded with a steady stream of worthless applications. Rather these letters should be sent into the homes of the workers, the wage earners and salaried employees whose average income is from $30 to $50 per week. These are the desirable customers for any loan office and the moral risk hazzard is reduced to a minimum.

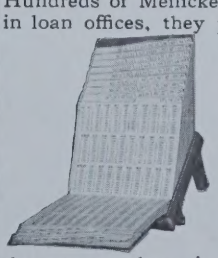
Another source of applications is the distribution circular. Like the circular letter great care must be taken to see that it falls into the right hands or it is money wasted. The best way to put these out is through the licensed distributer. It will prove a little more expensive than boys or men temporarily out of work, but you will find that the licensed distributor will put your circulars out where you tell him to and if you specifically instruct him, will give you door jam service where the card will be sure to fall into the hands of the housewife and not be swept off the porch, or destroyed by the children.

The above mentioned ways of obtaining new business are necessary and fine as far as they go, but if you stop here you

Build Customer-Confidence While Speeding Service

Have a Meilicke Calculator on your desk while you talk to customers. It gives you an instant answer to any question about a loan's amount, duration and cost. Quick answers close customers while they're hot. Giving them all the same figures creates confidence. Saving yourself much figuring puts more productive work into your day.

Hundreds of Meilicke Calculators are in use in loan offices, they pay so well. Try one in your accounting department for thirty days. Then try to take it away; we'll give you your money back if you can. They'll insist on keeping it, and ask for more. You'll be glad to supply them when you hear the reasons they give. Write right now.



Meilicke Systems, Inc.
3462 N. Clark St. Chicago, Ill.

Meilicke
Time Saving Devices

have only scratched the surface as far as obtaining new business is concerned. The gold mine of new business lies not in the methods I have already described, but in your present customers, I mean the men and women you have on your books, now—provided, however, they are satisfied customers, and have been helped and benefited by the service you have rendered them. When a prospective borrower comes into the office to see about a loan he is probably doing something he has never done before and is rather timid and pretty much embarrassed. Take him into your private office, go over the terms and condition of your loans with him, encourage him to open up his heart to you and tell you what he wants to do with the money, what condition caused him to have to come to you for assistance. Impress him with the high type of service you render and most of all, feel it yourself, and mean it. Then you have made a friend and have a satisfied customer. And see to it that you give him the kind of service you promise. If you tell him that you will give him an appraisement in the forenoon and that he can have the money in the afternoon, do it. For how can we expect our customers to pay promptly and as agreed if we do not set the example and do what we say we will when we promise service.

When the customer and his wife come into the office to get the money, go over their income and expenditures with them, explain the family budget idea, teach them thrift, and above all make sure that they receive the proper amount of money to meet their requirements and that their income is sufficient to meet their current expenses and your loan payment. By taking the additional time in closing the loan you will be doing your customer a real service and incidentally paving the way for prompt payments. This is the customer who will send you business.

In the office which I manage I get more business from applications recommended by satisfied customers than from all other sources combined, because I have been trained by the company I represent to give our customers real service.

Gentlemen, make satisfied customers, give them the service they have a right to expect, make friends for your company, you are sure to get more than your share of the new business in your community and I'll guarantee you that you can keep it too for nothing can take it away from you because you have shown the borrowers that you give what you promise, helpful financial service. He will send you all his friends in need of your services and when another emergency confronts him will turn instinctively to you, his financial doctor.

HOW TO BRING ABOUT A FAVORABLE UNDERSTANDING OF OUR BUSINESS

By Delmont Jeffers

The subject which has been assigned to me "How to Bring About a Favorable Understanding of Our Business" would seem to the writer a subject that covers all angles of our profession. As you know, the Uniform Small Loan Business in West Virginia is yet in its infancy so far as the public is concerned. It has been said that an understanding is a success or failure of any project and so it is with our business. We must make our business known to the public and have them understand it is a business that is fair, legitimate and within the bounds of reason.

The writer believes that if we would do more missionary work among the outside people the public would recognize our business as legitimate and fair rather than look upon it as unreasonable or unfair. In doing this we must not only try to sell our prospective customer that the rate of interest is reasonable and the general conduct of our business is fair, but we must sell every one we come in contact with that we have a business that stands on the level with any other profession.

For instance, if a prospective customer comes in your office and asks about a loan, what do you do? You invite him or her, as the case may be, in your private closing room and immediately try to make this prospective customer feel at home and sell the merits of your business to them by showing them that it is fair, legitimate and reasonable. Why? The answer is simple. Your prosperity depends on your customers; further after the customer is granted the loan, you want him to spread the news that you are in business and ask him to recommend his friends to come to you for financial assistance. You do all of this to build up your office to a profitable standpoint. Now, what happens if you meet a friend or stranger on the street or other places and he asks you what kind of business or profession you follow. Suppose you tell him the nature of your business and he takes exception to it, do you use the same care and energy to educate the non-borrower of the necessity of your business? I will venture to say that we are all guilty of something here that should not happen—simply letting your friend pass on thinking the same thing as he did at the beginning of the conversation—the business is unfair or unnecessary—brought about by just picking up bits of information which are unfounded. To me the public needs to know the necessity of our business and if we expect to hold the present uniform small loan law, we must have the public pulling for us and to do this we must do more to educate those whom you do not ever expect to make your customers. The psychology of this is, if it ever comes to a place where our law is attacked who decides whether it shall or shall not stand? The people on your books or the people who do not have accounts with us?

How many of your customers stand before a meeting or convention and state, "I have an account with such and such a company and feel it is a legitimate business."

Our advertising mediums have much to do with creating a favorable understanding of our business. We must use advertising mediums that are educational and not have embodied in them facts that are not true to the loan business. The writer believes that we are losing much good will by not making our association known to any larger extent than we are. If any of you would go out on the street of any town in this state and ask ten people what the West Virginia Industrial Lender's Association is, how many correct answers would you get. We should make our association a medium for creating a favorable impression of our business. All the meetings should be well attended and advertised not overlooking any opportunity of having men of prominence from the outside with us when the occasion arrives. By doing this you can have a prominent man leaving your association meeting telling the story we desire to have told, that it is a business that is fair, serviceable and legitimate. In every instance our companies should be members of the Board of Commerce or Trade as the case may be in your city.

Those of us who are in the loan business can create an understanding that we should have by showing the public we are human and in every instance a destitute case should be treated with sympathy and understanding. We should not force those to pay who are not physically able to do so. In other words, stand a loss before taking the last bit of furniture from those that by fate have lost all hope of prosperity. You may not think at the time you lay aside a certain account and say to yourself, "We will give this balance to this widow lady who has been left with a large family due to death or other causes," that you have done nothing to a great extent to create a favorable understanding for the necessity of our business, but the writer believes you have. Why are we allowed to charge 3½% per month if we do not have anything to show we are taking chances and have losses due to circumstances like this? By all means be reasonable in handling the collection of your accounts. One of the most culpable things we can do in our business is to be continually dragging into court accounts that could be collected by simply using the knowledge of our business which we should have. It would seem to the writer one or two cases taken in court before an audience would do our business a greater injustice than any thing we know of. Only in extreme cases should we consider taking the matter to court.

Gentlemen, after all in order to create a favorable understanding of our business we must know our profession, believe in it, and never let an opportunity pass by to sell an outsider on its merits. If we keep our business headed toward the higher plane of public understanding a favorable public opinion will surely be the result. It is hoped by the writer that in the near future we can add a little more to our advertising than we do now by simply saying "Loans up to $300.00 at the Lawful Rate of 3½% per month" and have it respected.

TIMES ARE HARD WITH EASY MONEY IN FRANCE

Paris.—(AP)—Usurers once more are being tracked down by newspaper campaigns and public-spirited citizens in France. After war legislation has let down the bars so that 10 per cent a month loan sharks flourish. Their prey is furnished by the government whose vast army of more than a million employes are among the more poorly paid workers. Their need of money drives them to the usurer because government functionaries will retain much of the pre-war dignity that makes it difficult for them to borrow from friends.

Unable to prosecute money lenders in most cases, one newspaper has sent its reporters systematically to the loan sharks and reprinted the conversation regarding rates with pointed comment intended to warn people against excessive chargers.

BUSINESS IS GOOD—YOU CAN MAKE IT BETTER

By N. A. Winter,
Des Moines, Iowa

Cool weather with its threat of approaching winter is stimulating business materially. Employment is steadier and prospective borrowers are more optimistic than they have been for a long time. They feel that they are in position to make their payments promptly and consequently the number of loans are increasing.

It is estimated that fully 80% of the borrowing class of people are without bank credit. This gives you a large field to work on. You are entitled to at least your share of this business and should not be satisfied with less. Are you getting it?

Carry your message to every corner of this potential market by means of advertising — newspaper, direct-by-mail, house-to-house distribution of folders. Be sure that every wage earner knows about your worthwhile service—every housewife should be told that you offer her a convenient, confidential and respectable way to pay those old bills and to finance needed improvements or repairs.

Send out a general letter to your prospects. Your city directory will furnish you with names and occupations so that you can easily pick out the class of people who are most likely to be in need of your services. The directory also lists names by streets so that you can pick out certain localities. This method of getting business is very profitable when an attractive folder describing your service is sent along with the letter.

Explain your loaning plan to your local business and professional men. Make them enthusiastic boosters for your service so that they will gladly tell needy and deserving people how they can get out of debt and back on their feet by means of assistance which you give them, without loss of their self-respect or standing in their community.

Yours is a needed public service capable of doing much good. But—be sure that borrowers want your service and not those of your competitors.

Keep your name before your prospects at all times and you will get more than your share of applications from responsible people.

LETHARGY OF ASSOCIATION MEMBERS

The most frequent example of this touching faith of the American business man in magic is the all-to-prevalent feeling that, if he belongs to an association, everything will be all right. Too often an association member feels that, if he has committees, by-laws and a secretary, then the problems of his industry require no further attention from him. A strong association secretary can do a great deal for an industry, but he too frequently is called upon to do it against the most impenetrable indifference and sometimes the active hostility of a large proportion of his membership.

This belief in magic extends to almost every form of association activity—from the passing of resolutions of protest against the latest development of the new competition to gigantic campaigns for advertising. Coöperative advertising is one of the most potent weapons in meeting the new competition, but it can never be stronger than the membership of the association behind the campaign. After the usual period of committees, bickering about quotas and other delays, the members finally pay their assessments—and forget. Too many of them feel that through the beneficence of some mysterious magic all they have to do is to listen to the ringing of the cash-registers throughout the land. Too many think that association advertising is a cheap substitute for individual advertising.

Too few realize that cooperative advertising is much newer than individual advertising and that it still bristles with many unsolved problems which require not only expert management but also the active, enthusiastic and intelligent support of every member. At least it demands the member's self-interest in tying up his advertising and merchandising efforts to the coöperative work of the association.—O. H. Cheney, in October *Nation's Business.*

PENNSYLVANIA

This is the first letter sent out in reference to the Annual Convention and Banquet to be held on Wednesday, November the ninth, at the Bellevue-Stratford Hotel, in Philadelphia, and I would like to call your attention to the fact that this one as usual will surpass any other ever given.

It is our intention to make every effort to have eight hundred in attendance, and we are counting on the coöperation of every member to help us attain our goal.

We expect to have speakers of National prominence as our guests and we owe it not only to them but ourselves as well to have an affair that will long be remembered by everyone present.

Right now, mark on your calendar the above date and do not let anything interfere or prevent your being with us.

In my next letter, you will be asked to send in your reservations and we hope that your subscription will be for many plates.

W. S. Herron.

BUILDING AND LOAN ASSOCIATIONS

There are now twelve thousand building and loan associations in this country, with ten million members and assets of over $6,000,000,000, an amount nearly double the combined total paid-in capital stock of all the national and state banks of the country.

INDIANA

To the Members of the Indiana Industrial Lenders Association:

"It Won't Be Long Now"

That is what Henry Ford has been saying for weeks.

What would you pay for the unusual amount of free advertising for your business that Henry has received?

You could hardly expect the 12th Semi-Annual Managers' Convention to offer you all that Henry is receiving, but they do offer you a wonderful assortment of ideas that will aid you in promoting and furthering your own business.

A glance at the followmig program should be conclusive evidence that you cannot afford to miss this convention. The Convention Committee is doing everything to make your visit a pleasant one as well as educational.

All of us are looking forward to meeting *YOU Wednesday, November 9, 1927, 10 a. m., Westcott Hotel, Richmond, Indiana. Yours very respectfully,*

O. S. Beck,
Chairman Convention Committee.

P. S. If you have not returned your post card, do so to-day.

Westcott Hotel
10:00 a. m.
Program

Constructive Letter Writing.
Inspection of letter before signing.
What effect has new competition had on your business?

12:00 m.

Invocation—Rev. D. L. Ferguson.
Entertainers — Miss Gleda Houghton, Clara Campbell Igleman. Gertrude Anderson, accompanist.

Luncheon

Welcome—Mayor L. A. Handley.
Address—Judge G. H. Hoelscher.
Address—Former Congressman H. U. Johnson.
Address—Senator D. C. Harlan.
Address—State Supervisor Elmer Johnson.

2:00 p. m.

How shall we put more pull into our 1928 advertising?
What is the most momentous question facing our business to-day?
Is "Scare" copy good advertising for our business?
What is the minimum number (%) of new customers necessary to maintain your loan balance?
What can each individual do to increase the size and operation of our Association?

Bankruptcy. Discharge. Whether False Chattel Mortgage Regarded as False Statement in Writing so as to Bar Discharge.

This case arose upon specifications filed in objection to the bankrupts' discharge on the ground that the bankrupts (man and wife) gave as security for a loan a chattel mortgage on certain property which they did not own, and knew that they did not own at the time. Section 14b (3) of the Bankruptcy Act of 1898 as amended by the Act of 1910, provides that a discharge shall be granted after a hearing, unless the bankrupt has "obtained money or property on credit upon a materially false statement in writing, made by him to any person or his representative for the purpose of obtaining credit from such person." The only question presented was whether, conceding that the mortgage was given as specified, it would come within the provisions of the Bankruptcy Act and bar discharge.

Held, that the bankrupts should not be discharged. A false chattel mortgage being in writing, falls within the provisions of Section 14b (3) just as does false statement of assets generally. A materially false statement in writing cannot be confined to a financial statement made by the bankrupt, or a statement of his financial condition, but may include any "materially false statement in writing" made by the bankrupt for the purpose of obtaining money or property on credit and by which said porperty or money is obtained. *In Re Powell* (46588), *U. S. Dist. Court of Maryland. Decided October 12, 1927. Not yet reported.*

NEW MEMBERS

Add these to your Year Book Directory:

Phœnix Finance Co., 208 Equitable Bldg., Des Moines, Iowa.

Metro Loan Co., 416 Chambers Bldg., Kansas City, Mo.

Mutual Saving & Finance Co., 323 E. Albanus St., Philadelphia, Pa.

Peoples Loan Co., 315 Ninth St., Huntington, W. Va.

Home Credit System, 20 Central Ave., Newark, N. J.

Community Finance Service, Inc., 554 Capital Natl. Bank Bldg., Lansing, Mich.

Penn Loan Society, Inc., Kant Bldg., Perth Amboy, N. J.

U. S. LOSES $1,618,000 TAX ON SAGE WIDOW'S ESTATE

The United States Government must return $1,618,939.93 collected in income taxes on the $80,000,000 estate of Mrs. Russell Sage, who died in 1918, according to a judgment entered in United States District Court today by Judge Thatcher.

The judgment is the aftermath of a decision rendered last June by the United States Circuit Court of Appeals upon plea of executors of the estate that Mrs. Sage's bequests were made largely to charitable, religious and educational institutions.

The suit asked that paid taxes amounting to $1,541,913.26 be returned. Interest and court costs were added by Court order.—*Phila. Ledger,* 9-28-27.

MEETING SCHEDULE

MISSOURI—Kansas City, November 3.

INDIANA—Richmond, November 9.

PENNSYLVANIA—Philadelphia, November 9.

NEW JERSEY—Newark, November 17.

RHODE ISLAND—Providence, January 19.

ILLINOIS—Chicago, January 26.

VIRGINIA—Richmond, January 26.

WEST VIRGINIA—Charleston, February 16 or 23.

MICHIGAN—Lansing, April 19.

FIFTEEN YEARS LATER

AND 1 MINUTE NOW

You have at best only fifteen years to make good in your business life! Fifteen years in which to provide for your future—the welfare of your family. Consider the rapid growth of the loan business. Everywhere chain organizations and independent offices are springing up. From these ever-increasing offices come the cry—Men! Men! Men! Not just any man, but trained men—men who know their business—men who are progressive—men who are growing in knowledge as the loan business is growing in figures.

You have seen evidence of this. You know it to be true. Can you afford to spend your time gathering your knowledge, your training, solely through experience? Think about this—then consider what a course in the Institute will do to solve the problem of your future. One minute to sign and mail the coupon below! One minute to insure—to safeguard—the success of fifteen years' work!

SEND FOR FREE THRIFT BOOK

The satisfied borrower is your real advertiser. He is the one who will recommend his friends to you. "Service Plus" through the medium of "My Thrift Book" will build your business and increase your profits. Send for a *free* copy, with nominal price list.

Industrial Lenders Technical Institute

468 Fourth Avenue, New York City.

Approved as a correspondence school under the laws of the State of New York.

INDUSTRIAL LENDERS TECHNICAL INSTITUTE,
468 Fourth Avenue, New York City.

☐ Please send me, without obligation, information about your course in loan office management.
☐ Please send me, without obligation, a free copy of "My Thrift Book."

Name .....
Street and Number .....
City and State .....

mail the Coupon today

IDS

Money Talks

The World's Smallest Financial Journal

Published for the men who are busy broadcasting for business.

Time Is Money

John Wanamaker
once said:

"Time is a galloping race horse which never pauses; it urges swift diligence."

There is only a certain number of hours each day which can profitably be spent at work. The more efficiently you use these hours the more valuable your time becomes and the more profitable your business is. Thus, when you can take a certain amount of time from one department of your business without impairing its efficiency and devote it to other duties, you are saving time.

We Can Save You Time

No matter how good an advertising man you are, you must devote considerable time and worry to writing your advertising copy if it is to get results. Our Industrial Lenders Advertising Service will relieve you of this work and worry by supplying you with a complete advertising campaign prepared by a recognized advertising agency with several years' experience in the Small Loan field.

We Can Save You Money

The cost of this service is only $5.00 a month—a great deal less than the actual cost of the time you would save.

Not only that, but you will greatly increase your business and your profits by using the consistent schedule provided, and devoting the time saved to increasing the efficiency of your other departments.

Send us your subscription now, or write for further particulars without obligation.

A. R. Winter

N. A. WINTER

Industrial Lenders Advertising Helps

DES MOINES, IOWA

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DEC 23 1927
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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. XII, No. 6. DECEMBER, 1927. Price, $1.00 a year.

Twelfth Annual Meeting of the Pennsylvania Association

Even the distractions of a general election were not great enough to prevent the largest attendance in its history at the banquet that concluded the twelfth annual meeting of the Pennsylvania Industrial Lenders Association in Philadelphia on November 9. The day's sessions were held at the Bellevue-Stratford Hotel, and so great was the company of diners in the ballroom of the hotel of the evening that it was necessary to set tables on the stage.

The officers elected for 1927-1928 are: Chairman, J. G. Bachofer, Reading; Vice Chairmen, A. V. Hart and V. D. Moss, Philadelphia; Secretary, Walter S. Herron, Philadelphia, reëlected; Treasurer, Joseph F. Devine, Philadelphia, reëlected; Executive Committee, Charles H. Watts, Philadelphia and New York, Chairman; A. S. Ezekiel, E. B. Webster, C. W. Loupe, and the aforementioned officers.

In calling the meeting to order in the forenoon, Chairman Edward B. Webster, of Philadelphia, warmly commended the year's activities, for which he modestly gave credit to his fellow officers, and in particular he spoke in high praise of Secretary Herron's alertness in the prosecution of illegal lenders and salary buyers. He congratulated the association on the spirit of coöperation uniformly displayed throughout the organization.

The reports of the Treasurer, Secretary, Legislative Committee, Executive Committee, Vigilance Committee and Membership Committee were adopted. Mr. Moss, chairman of the Membership Committee, stated that the organization had 172 members, with four applications to be acted upon. A survey of the state, he reported, showed there were 414 licensees in Pennsylvania, of whom 42 are eligible for membership in the association, the rest being cut rate concerns, so-called corporation offices or companies having nothing in common with the state organization membership.

E. F. Moore, chairman of the Publicity Committee, reported in detail on the results obtained by the committee during the year, showing that a total of more than 6,000 lines of reading matter concerning the association had been published in 104 newspapers in the State, a gain of more than 1700 lines over 1926, and of more than 2,000 lines over 1925.

Wm. Young urged upon the meeting the matter of considering the adoption of plans to obtain the national convention for Philadelphia in 1929, and further discussion of this subject was laid over to the afternoon session.

Mr. Hirsch of the Federated Loan Association of Philadelphia, a guest of the meeting, in a brief talk gave high praise to the Association for the ethical operation of their business by its members in Philadelphia. His association, he said, had had the heartiest coöperation from lenders within the State Association in the cases of 15 or more borrowers who within the past year had borrowed from two or more lenders. In some cases lenders, with whom his association had intervened, not only had lopped off the entire interest due, but also had made liberal concessions as to the principal. His organization, he said, had never had occasion to object to the business practices of any member of the Pennsylvania Association, nor had he observed any misleading advertising by its members.

The annual midday luncheon of the Association was served in the Clover Room of the hotel, which was filled by members and their guests. Mr. Alexander Wall, secretary and treasurer of the Robert Morris Associates, of Lansdowne, Pennsylvania, a national credit institution, was the only speaker, his address being on "The Personal Statement." Explaining the title as being really a character proposition, he said that lenders in dealing with prospective borrowers had to consider, on the asset side, their integrity, earning capacity and willingness to meet their obligations; while on the liability side were their obligations due to misfortunes, their desire to live beyond their means, and their willingness to spend money. The problem of organized lenders was to analyze the balance between assets and liabilities, and to extend credit to those cases only in which the assets are sufficiently strong to offset the liabilities. The tendency to overlive and overspend in an effort to "Keep up with the Joneses," he called an American failing, and if organized lending is to continue to function it must meet the economics of the situation, otherwise it will retrogress to the status of loan sharks.

The slate recommended by the Nominating Committee was elected unanimously as the first order of business at the afternoon session, and the chair was turned over to Mr. Bachofer by the retiring chairman, Mr. Webster. The discussion of the proposal to bring the national convention to Philadelphia in 1929 was resumed and the chair invited Colonel G. J. Badger, of Jersey City, New Jersey, vice president of the American Industrial Lenders Association, to address the meeting. Colonel Badger stated that he was heartily in favor of Philadelphia in 1929, and Messrs. Watts, Kehr, Young and Hart spoke to the same effect. Mr. Watts said that the Association could count upon the support of Connecticut, Rhode Island, Massachusetts, New Hampshire, Maine, Maryland and Virginia to support Philadelphia's bid for the convention in 1929, and Mr. V. L. Buchman, of Trenton, New Jersey, secretary of the New Jersey Association, pledged the support of his organization to Philadelphia. Motions by Mr. Hart that the Pennsylvania Association go on record as favoring Philadelphia in 1929, and by Mr. Kehr for the appointment of a committee of five to work for this purpose, were carried unanimously.

Colonel Badger in urging the members of the Pennsylvania Association to endeavor to swell the membership of the national body by bringing in every new member of the state association as a member of the national organization as well, said that the Uniform Law was in operation in States containing 60 per cent of the entire population of the United States. Secretary Herron announced that letters had already been prepared and would soon go out, urging membership in the national association, and he reminded Colonel Badger that Pennsylvania now is paying 20 per cent of the total dues paid into the national organization.

There was considerable discussion of the advisability of increasing the personnel of the State Executive Committee from nine members as at present, but no action was taken upon the proposal, as Mr. Kehr raised the point that under the constitution any recommendation to that effect must come from the Executive Committee itself, and that there should be a real necessity existing before it is recommended.

The set program of the afternoon began with the reading of a paper by Richard McHugh, manager of the Community Finance Service, Inc., on "Proper Extension of Credit." Prefacing his talk with a humorous set of verses, he said that business dies when proper credit is not extended, and that the same need of credit existed among the large number not served by banks as among those to whom bank facilities are available. Due to the high plane on which the Uniform Law has placed industrial lending,

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NATIONAL OFFICERS, 1927-1928.

President, F. L. Thompson, 8-11 Farmers National Bank Bldg., Shelbyville, Ind.
Vice-President, G. J. Badger, 40 Journal Square Bank Bldg., Jersey City, N. J.
Treasurer, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.
Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

STANDING COMMITTEE CHAIRMEN.

Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.
Finance, W. P. Woll, 360 N. Michigan Ave., Chicago.
Law, F. R. Hubachek, Esq., 650 Baker Bldg., Minneapolis, Minn.
Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.
Publicity, L. K. Osborne, 32 Ruggery Bldg., Columbus, O.
Membership, W. S. Herron, 404 Denckla Bldg., Philadelphia.
Vigilance, A. H. Williams, 360 N. Michigan Ave., Chicago.

NATIONAL COUNCIL

Conn.—M. J. Connors, 27 W. Main St., Waterbury.
Fla.—L. R. Kichline, 325 W. Forsythe St., Jacksonville.
Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.
Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.
Ind.—F. L. Thompson, Shelbyville.
Iowa.—C. M. Debnert, 252 K. of P. Bldg., Des Moines.
Me.—H. S. Crosby, 163 Main St., Lewiston.
Md.—C. A. Gardner, 129 W. Saratoga St.,
Mass.—A. Youngerman, 19 Pearl St., Boston.
Mich.—Norman Buckner, 5 S. Saginaw St., Pontiac.
N. H.—F. A. Brodeur, 999 Elm St., Manchester.
N. J.—J. C. Van Horn, 2 E. State St., Trenton.
Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.
Pa.—J. G. Bachofer, 18 N. 5th St., Reading.
R. I.—H. G. Neal, 49 Weybosset St., Providence.
Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.
Va.—J. E. Burnett, 119 N. 3rd St., Richmond.
W. Va.—A. H. Knox, 370½ Market St., Parkersburg.

STATE SECRETARIES.

Conn.—W. J. Miller, 805 Main St., Hartford.
Fla.—J. R. Standring, 308 Tampa Theater Bldg., Tampa.
Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.
Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.
Me.—T. M. Fitzgibbons, 209 Clapp Bldg, Portland.
Md.—E. M. Garren, 331 Equitable Bldg., Baltimore.
Mass.—D. J. Cote, 552 Mass. Ave., Cambridge.
Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.
N. H.—E. F. Hurd, 71 West Pearl St., Nashua.
N. J.—V. L. Buchman, Wilkinson Bldg., Trenton.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—W. S. Herron, 404 Denckla Bldg., Philadelphia.
R. I.—E. La Gueux, 76 Dorrance St., Providence.
Tenn.—A. Rohm, 204 Mercantile Bldg., Knoxville.
Va.—H. M. Fenner, 201 New Monroe Bldg., Norfolk.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

he said, the public now recognizes that the business of making small loans has as important a place in the community as banking, upon which field it does not infringe. Mr. McHugh cited among the examples of service rendered to the community by industrial lending the inculcation of thrift through the regular payments required of borrowers, and he urged that the standards of lending be kept at the highest and that Service be its watchword.

"Future Trends of the Loan Business" were discussed in the paper by D. H. Finck, educational director, Industrial Lenders Technical Institute. Progress in the technique of lending is necessary, he contended, if it is to prosper, and he drew an analogy in the motion picture industry wherein some of the pioneers had been immensely successful at the outset but had fallen behind because they did not develop a technique to keep abreast with the changing times. Henry Ford was mentioned as another example of an enormously successful man who had realized the necessity of making radical readjustments to meet new demands and developments in the automotive industry. Since April, Mr. Finck said, 600 new licensees had entered the lending business, and he declared that this great influx of new capital, new forces, new types and new competition made imperative the development of a modern technique of lending among the old established and successful firms.

A. C. Holm, manager, American Loan Company, Reading, in his paper "Why Does a Prompt Paying Customer Become Slow?" put slows in two categories—the voluntary and the involuntary. In nine cases out of ten, he said, it would be found that the office was responsible for a borrower going slow, and he laid the obligation to prevent this upon the manager. Tact and diplomacy were necessary in relations with borrowers, he stated, and an hour of analysis was worth two hours of collection.

In the absence of C. F. Berquist, manager, American Loan Company, Pittsburgh, his paper on "The Industrial Loan Business as a Vocation" was read by Mr. Loupe. The advantages of banking, insurance and industrial lending as a career were compared, Mr. Berquist concluding after weighing each that the last named offered the greatest opportunities for advancement and success because of the wider field due to the fact that at least 80 per cent of those in need of financing must look to industrial lenders for credit. As requirements for success in this field, he enumerated a business education, industry, a sense of humor, honesty, loyalty and ambition.

Before adjournment Mr. Loupe announced that the next meeting of the Pennsylvania Association would be held in Pittsburgh January 12. The association voted a contribution of $150 to the Welfare Foundation of Philadelphia in its annual drive for funds.

Charles H. Watts was toastmaster at the banquet in the evening, which was served to nearly 700 diners in the ballroom of the Bellevue-Stratford. The arrangements for the closing event of the day were in charge of the Entertainment Committee of which Harry P. Gatter was chairman, and whose members were: V. D. Moss, Alfred S. Ezekiel, W. F. Buck, James Lyons, E. B. Webster, W. H. Darragh, H. G. Hopson and William Young. In addition to an elaborate menu an orchestra and entertainers were provided as a fillip to the dinner and program of excellent addresses.

The merriment of the occasion was heightened by the perpetration of a clever hoax upon the diners. This was by the enactment of the role of the haughty headwaiter whose antics during the service of the courses were so foreign to the usual conduct of one of his august kind at such functions that those among the diners who did not resent his pompous struttings and his arrogant dictation to diners as well as to waiters, were moved to ridicule him. The more he was badgered and laughed at by the diners the more apparent were his indignation and outrageous conduct, until finally he made his way to the speakers' table where he excitedly appealed to the toastmaster. Mr. Watts solemnly requested the guests to bear with the headwaiter, who resumed his place among them, only to be hustled out of the room a little later by members of the entertainment committee who affected great indignation at his conduct. The hoax was revealed just before the beginning of the addresses when Mr. Watts introduced the headwaiter in his proper person.

"The New Currency" was discussed by Freas B. Snyder, executive vice-president of the Mitten Bank, the first speaker of the evening. Installment methods of selling and industrial lending, together with some allied lines, he said, are creating a new currency comparable in the possible result in economic change to the changes made when currency first replaced barter and again when credit was created to serve as money. Industrial lenders, he continued, have made it possible for a man of character and integrity to capitalize his earning powers to meet a sudden emergency or business depression, and in somewhat different and not always safe and intelligent manner the installment method of selling is doing the same thing.

In his address on "Industrial and Social Progress," Judge Theodore G. Risley, Assistant Attorney General of the United States, and Solicitor, Labor Department, traced the successive steps in the growth of industrial prosperity, to which he attributed much of the social progress made, and assigned the factors in the progress of both. Productivity, efficiency of American laborers, education, the influence of trade publications, research work, the development of social and humanitarian sentiments, and the changing phases of civilization were enumerated by the speaker as among the greatest contributing influences in the progress of industry and society to its present high plane.

Quoting Robert Burns' aspiration for a power to show us ourselves as others see us, Sir Frederick McGill, of London, the last speaker of the evening, proceeded to portray Americans as seen through "the glass eye" of a Briton, in allusion to the monocle the speaker wore. In witty and good humored fashion, the speaker recounted some of his experiences and observations as a visitor in the United States, paying his respects to American tea, whiskey, men, women and customs, and amusingly hitting at many native foibles and habits. He explained his failure to make an extended stay in Chicago on the ground that upon his arrival there several beer salesmen were having an argument in the streets which

as rapidly reducing the population, and e decided to leave the city of bootleggers nd come to Philadelphia among the onsumers. Sketching some American haracteristics that interested or amused im, he singled out the national optimism hich he contrasted with the pessimism revalent in old world countries. His ddress, which was laughter provoking nd meant to be so, was of value in show- g Americans in what light they appear o people of other countries visiting here.

After the speaking program had been nished, the ballroom floor was cleared or dancing which continued until 1 a. m.

The following letter expressing his egrets on account of his inability to attend and address the meeting was received by W. F. Buck from the Federal Department of Labor Secretary James J. Davis:

"I have your letter of September 7th, addressed to my private secretary, along with a copy of your letter to me under date of July 15th. I recall that at the time of my interview with you in Philadelphia I was favorably inclined to accept the invitation you extended to address your association on November 9th. I was so pressed with convention matters in Philadelphia at the time that I did not give much thought to the date of your meeting. Since returning to the office, I find, however, to my great regret, that your meeting comes at a time when I will be busily engaged writing my annual report. Were it not for that fact, I would be happy to accept your invitation, but I am sure, under the circumstances, you will excuse me this time. If you wish I can help you secure a desirable speaker for the occasion. Just let me know, if this meets with your approval, and I will start in immediately to see what I can do along that line.

Expressing again my regret at my inability to accept your kind invitation, and with kindest regards, I am, cordially yours."

INDUSTRIAL AND SOCIAL PROGRESS

Synopsis of Address Delivered by Theodore G. Risley, Solicitor of the Department of Labor at the Annual Meeting of the Pennsylvania Industrial Lenders Association, in Philadelphia, November 9, 1927

Industrial Prosperity

Our country is enjoying remarkable nd economic prosperity while other na- ions are struggling to meet the prob- ems of unemployment and economic lepression. One of the surprising chievements of modern industrial his- ory was the rapid process by which the Jnited States recovered from its dis- urbed and deranged social, industrial nd economic conditions following the World War. The reëmployment of everal millions of unemployed laborers nd the maintenance of a wage scale ractically equal to, and in many in- tances greater than, that of the war scale f wages is regarded by other countries s little less than a political phenomenon. The beneficent results to labor of stabil- zing employment at generally increased vages is clearly reflected in higher stand- rds of living and increased consumption f nearly all products and multiplied sav- ngs accounts and investments. It is com- uted that there is now paid to our wage earners approximately $30,000,000,000 a year, of which probably $7,000,000,000 is saved and invested or deposited in banks. This enormous sum has vastly increased the purchasing power of mil- lions of our people and enabled us to develop a home market that consumes practically ninety per cent of all our products, constituting the greatest factor in the maintenance of our prosperity.

Productivity

The Americans today are the most productive people of any country or any age. Statistics show that our productiv- ity per man is nearly double that of Great Britain, four times as great as France, and almost thirty times as great as China. The American farm laborer produces twelve and one-half tons of farm products compared to one and three- fourths tons as the average production of the farm laborer for the rest of the world. The primary cause of the Amer- ican workman's great productivity is due largely to the invention and the appli- cation of machinery, together with our vast resources, particularly in the case of raw materials. Mr. Pogue, the cele- brated industrial statistician, states that machinery in the United States every day performs labor which would require the toil of 3,000,000,000 men working ten hours a day to perform. American in- dustrial labor has increased its productive capacity tenfold since 1830 and the American farmer in the same period of time, by his improved machinery, has increased his productive capacity 1300 per cent. In 1920, there were 1,500,000 fewer men on the farms in the United States than were employed in 1910 and yet the American farmers produced one- third more crops by volume than they did in 1910, thus releasing one and one- half million men from the farms to enter industrial pursuits at gainful wages.

Efficiency of American Laborers

For years the American laborer has been recognized as the most efficient pro- ducer in the world, and this is accounted for to a very considerable extent by reason of the improved machinery with which he has operated. Estimates of the increased efficiency of our laborers show that in the last ten years the in- crease has been between thirty and forty per cent. The Bureau of Labor Statis- tics lately studied eleven typical indus- tries and found that since 1914 their average production has increased sixty- eight per cent. In the past seven years American productivity as a whole has increased about forty per cent. It is due largely to inventions and the application of improved machinery that the masses of our people today are able to live in such happiness and comfort as was never before enjoyed by any people. Without these agencies our standards of living would be very much as they were a hun- dred years ago. It would require twenty men laboring by hand to produce what the average person consumes, wears and enjoys every day. It is the conquest of science, education and coöperation over ignorance, selfishness and prejudice. Our marvelous mechanical and industrial forces have become so highly developed and efficient in the hands of skilled and intelligent workmen that we have become practically industrially self-sufficient. We no longer need to depend upon an influx of submerged toilers of the old world to help in the operation of our industries. The fact that wages in the last ten years have increased nearly 100 per cent in this country is due to the initiative, loy- alty and capability of American labor.

Value of Education

One of the great moral forces in main- taining the prosperity of our country is the fact that the American laborer is the best educated, most intelligent and constructive toiler in the world and be- cause of this fact he has individuality, intelligence and capability in the perform- ance of his duties. Education not only equips him for his calling but inspires him with the hope that some day he will fill some of the higher and more im- portant stations of life. It opens up to him new fields of opportunity and thought and paves his way to leadership in larger industrial undertakings. He rejoices in the fact that his children can be given not only a common school education but will have easy access to our colleges and universities and he is inspired with the hope that he may enjoy recreation and study and travel and look to the future years with feelings of assurance of the enjoyment of a comfortable and happy old age. The United States spends more for free education than all the world besides. Recent statistics show that the increase in college attendance of the children of wage earners has been almost double that of the children of profes- sional people. The fact that the oppor- tunities of enjoying a high standard of living, of excellent educational oppor- tunities, of recreation and travel, are available to him demonstrates that the vast resources of our country are largely in the hands of the masses of our peo- ple. Our laboring men are becoming managers and proprietors of business en- terprises and they realize as keenly as our business men and financiers the es- sential conditions necessary to maintain the Nation's prosperity and promote the welfare of its people. They sense the importance of an amicable and unselfish attitude between labor and capital and realize that there is an indissoluble iden- tity and mutuality of interest between the two; and that without the fruits of la- bor capital would enjoy no profits and that labor cannot prosper without its share in some form of the profits of capital. In the last five years a half million employees have become stock- holders in our corporate industries. By this token capital illustrates its confidence in labor and labor its faith in its em- ployers.

Trade Publications

Our trade publications have a great influence on the industrial life of the nation. They not only have a commer- cial, but an educational purpose and are

proficient agents in teaching young business people the value of observing approved business ethics and pointing out those practices which are condemned by the code of moral standards.

We have more than 1400 industrial periodicals published in the United States. They are mainly devoted to trade and merchandise and industrial enterprise, and have a very wide and influential circuit of readers.

Credit is so intimately related to all commercial enterprises and is so sensitive to improper use that it is essential that a code of ethical principles be adopted and observed for the conduct and regulation of business transactions, and there is no better medium than our trade papers for the promulgation of such a code. Confidence is the foundation of credit, and as commerce is largely based on credit there must be a feeling of mutual confidence between buyers and sellers. With the higher standards of business now generally employed by reputable men there is growing up a realization that there should not only be fair dealings in business but the will to render service to the public and the state, and that there should be a consciousness of mutuality that inspires confidence in the good faith of all the exchanges in public life. We are coming to realize more clearly that education should promote the training of our people for useful and intelligent business affairs as well as conscientious and patriotic citizenship.

Research Work

This is the day of scientific research. Our people, realizing the tremendous possibilities of scientific research, are now spending millions in this important field of investigation. The Carnegie Institute, the Rockefeller Institute for Medical Research, the Smithsonian Institute, and Western Electric Company are annually spending millions of dollars in this line of endeavor and have achieved results of incalculable value not only to our country but to civilization. The Government of the United States and the Department of Agriculture operates sixteen research bureaus at a cost of $10,000,000 a year, and our Bureau of Standards is daily adding to the comfort, wealth and intelligence of our country. The series of scientific discoveries which are being made by these institutions will continue to assume greater importance in the future. Food chemists all over the world are constantly making invaluable discoveries that will not only add to the nourishment and the vitality of the human body, but greatly prolong the life of man. The average age of life in the middle ages was only twenty-one years. By the first part of the Eighteenth Century it was twenty-six years. It is today fifty-five years in the United States and scientists estimate that by the middle of this century it will be sixty years. The suppression of diseases and the diminution of human suffering during the last half century is the most prodigious factor achieved by medical science.

Social Sentiments

Never has the world seen such a development of social and humanitarian impulses as at present. The remarkable development of the spirits of kindliness and charity has really become one of the historical phenomena of the last half century. It is the very essence of the progress and triumph of modern civilization. In particular have the lives of women and children and laborers been sweetened and enriched by those things which not only provide for bodily needs but cultivate the mind and develop higher ideals of life. The brutal treatment of our fellowmen, the ghastly conditions under which people toiled, the unsanitary conditions in which they lived, and the crude and often-times demoralized amusements in which they indulged a half century ago would no longer be tolerated in our most enlightened countries. The harsh administration of justice and cruelties inflicted upon the inmates of our institutions have been rapidly passing away and we are conducting movements to comfort and restore the broken ones of life. We spend hundreds of millions in caring for the dispossessed children, for the sick, the infirm and the aged, and relieving distress everywhere. Our recreation grounds, open spaces and holidays are bringing sunshine and moral and spiritual strength to the children of our nation. There is more temperance and more love of humanity, and societies are organized everywhere for the suppression of cruelty, vice and disease. Intolerance and prejudice are crumbling before the assaults of liberality and charity. We have improved housing, coöperative and co-partnership movements, palatial hospitals, wonderful museums, art galleries and municipal bath houses have become available to all our people.

These achievements all demonstrate that we are facing our human problems bravely, scientifically, and with the finest of human sentiments. Sorrowful burdens of evil, disease and passion that have wrought such havoc are being suppressed. These splendid achievements are due to the conquest of science, education, and coöperation over the forces of selfishness, prejudice and superstition.

Changing Phases of Civilization

Modes and customs of education of social and industrial life have varied with all the different civilizations of man. Modern people have necessarily combined a variety of educational methods because there has steadily been ever-changing conditions of the social, economic and industrial life requiring a special preparation and training for new purposes, new objects and aims. Many of the people of the world earn their living today in ways which were unknown a century ago and coming generations will develop scores of new vocations which will grow out of new inventions, industrial processes and discoveries. Our Revolutionary fathers knew only a hundred vocations but today we have more than 800 regularly established and thousands of subsidiary vocations for which there must be special training and preparation to carry them on. This is vividly illustrated by all the many subsidiary vocations that have grown out of the use of electricity, the telephone and the automobile.

With these changing phases there have come changes in nearly all our modes of life and the standards of living, education and qualifications have been greatly enhanced. No people have ever been so well educated, fed, clothed and housed, or enjoyed so many of the things that make life sweet as the people of the United States. These blessings are not the result altogether of our wonderful development as a nation or of our inexhaustible resources, but have been made possible and their enjoyment secure to us by the political philosophy embodied in our Constitution which guarantees to our people the opportunities of individual initiative as well as collective enterprise. In no other government is there so perfectly blended the ideal and practical features of the individual and the national life as in the United States.

CONNECTICUT

Members of the Connecticut Industrial Lenders Association assembled at the Hotel Taft, New Haven, at one o'clock, Wednesday, October 19th for luncheon.

The meeting was called to order at one o'clock. Chairman Connors presided.

Thirty-two members answered the roll call.

Among the visitors present were, Lawyer Walsh, of New Haven, and Colonel Badger, of Jersey City, Vice President of the American Industrial Lenders Association.

Following the roll call the minutes of the previous meeting were read and approved.

Reports of the Secretary and Treasurer stood approved as read.

Owing to Attorney Walsh's time being limited, regular order of business was set aside in order that the membership might hear his report and talk on uniform papers.

He advised that a committee of the American Bar Association were developing papers concerning the Small Loan and the Chattel Mortgage Acts.

He suggests that the Connecticut Association leave the situation stand at its present status.

Several questions were asked of Lawyer Walsh by members.

The Legislative Committee reported progress.

The Vigilance Committee reported that Mr. Flahman, of New Haven, was convicted of charges against him, was fined $500, and given a suspended jail sentence.

Mr. Lovegrove reported as Chairman of the committee to draft a seal and submitted three sketches.

It was regularly moved and seconded that the Executive Committee approve.

Chairman Connors reported on the National Convention.

Unfinished business.

Mr. Moran of Bridgeport, reported progress for the State Loan Exchange Committee of which he is chairman.

New business.

It was regularly moved and seconded to hold our third annual banquet on a Saturday night during January.

Committee appointed by the chairman consisting of all New Haven members are to arrange for this affair.

Two new members were accepted in the usual manner, The Phoenix Finance Company of New Britain, and the Public Loan Association of Hartford.

There being no further business this meeting adjourned at 3:30 p. m.

W. J. Miller, *Secretary.*

FOREIGN ACCOUNTS

The subject of this letter might be foreign accounts. I think that we handle as many foreign accounts in Columbus as any company here and possibly a great many more than most of them, many times having almost 100 on hand.

Foreign accounts coming to our office et identically the same attention given) our own accounts. Conditions are alked over, promises taken. If these romises are not fulfilled as they mature ie cards are again thrown in the work nd called on. Any manager must real-:e what it means after he has made rrangements with a borrower for the ayment of a loan, how annoying and ying it is to have someone else advise iem differently than the arrangements iat had originally been agreed upon.

Three times in as many weeks skip ccounts we are handling after we get iem started the company has encouraged iem making their remittances direct istead of through us. In the first place is not always easy to get these ac-)unts started, and the lender should ealize that when an account has taken dvantage of his distance once that all e will want is a chance to do it again, nd that much better results can be ob-ained if any correspondence regarding ie account that the borrower may send ie lender should be forwarded to the)mpany handling the account, or any tters written the borrower by the lend-after an account has been sent to some ther city for attention, the company andling the account should have a copy f the letter so that he may know exactly hat the other is doing.

One instance I have in mind where a)mpany sending us an account for col-ection had left their goods in the city om which they moved, goods being in orage. The man had employment that as bringing him in a regular weekly arning. We demanded money from iem weekly and were getting it, but ie borrower wrote the lending company iat he would much rather make his ayments direct and would like to have ie account taken out of our hands, as e were too strict with him. The lend-ng company asked us to return the ac-unt which we did.

In less than 3 months the account was gain sent back to us but this time due) the fact that the account was taken ut of our hands before the borrower sed this as a shield and when we were bliged to call on him again made the tatement that he had had the account aken out of our hands before and that e did not care to pay us. We finally ot him started again but this time on a ifferent payment basis. Sickness came ito the home for which allowance had) be made. Domestic trouble crept in. Ie left her stranded several times, going ack again as soon as he had time to re-ect what he had done. These delays arried the account to a time that the torage had piled up to where the storage ompany had advertised the goods for ale upon which the loan was originally iade and we were informed that the oods did not bring a sufficient amount) pay the storage.

Finally when there was a balance of pproximately $49.00, the borrower re-used to do anything further. What ittle work he was doing was for an nsurance company on a commission basis s this was the only kind of work he ould get to do where the use of an as-ignment would get us nothing. We nally gave up hopes of getting anything nore and returned the account to the ender. He was neglecting his family hamefully. Had abused her and she ad him before court, finally applying or divorce.

We might not have been able to collect all of this account even if it had been left entirely in our hands after being submitted to us, but I do know the amount uncollected would have been much smaller if anything should we have been permitted to keep this account going after we first had it started.

An account that cannot be handled by mail at one time is not very likely to be handled satisfactorily at another, and where our services are free to any member of the Ohio Association, American or any other State Association, as we make charges only to organizations that do not affiliate with the Industrial Lenders Associations, and then only a 10% charge, I feel that it is a serious mistake to meddle in an account after it has been sent to someone else for collection, except at the suggestion of the company handling the account.

Frequently I will ask the company sending me an account for collection to write his customer a letter asking them if we have been calling on them or not, or criticise me for being too lenient. This gives us an opportunity of calling on the man with even more pressure than was previously used. This of course is done for effect, and it usually works.

The boys may take this as criticism or complaint but from my experience at least, it is the truth as all the coöperation that can be obtained is usually needed to collect a skip account.

By an Old Timer.

RHODE ISLAND

A special meeting of the Rhode Island Industrial Lenders Association was held on October 12, 1927 at 4:00 p. m. at Biltmore Hotel, Providence, R. I.

This meeting was called for the purpose of acting on matters as stated in official meeting notice, sent to all members.

Sixteen members were present.

Membership Committee reported favorably on three (3) applications. It was moved and seconded to accept the report of this committee, and the applicants:

National Equity Company of Woonsocket, R. I.

Ideal Financing Association of Providence, R. I.

George A. Peacor of Providence, R. I. were elected to membership.

The Banquet Committee which had been working hard perfecting plans for the annual banquet gave their report at this meeting. Mr. Rich moved that it be accepted and upon being seconded by Mr. McGray it was passed.

A motion was made by Mr. Pomfret to instruct treasurer to pay all expenses of banquet cost. This motion was seconded by Mr. Rich and passed by majority vote. One member, Mr. Wood, dissenting.

There being no further business to transact, the meeting adjourned to meet again in the evening, this time at the festivities of our annual banquet, which was attended by 150 persons. The Rev. Alexander D. Martin pronounced the invocation; Abbott Phillips, Esquire, of Providence, was toastmaster. After a few pleasant remarks he introduced Mayor Dunn, of Providence, who spoke a few very fine words, amongst which was the statement that he had learned more about the loan business tonight than he ever knew before and was surprised to see that it was on such a high plane. Due to his promised attendance at another function his honor left early expressing his wish to stay longer at another time.

Colonel H. Anthony Dyer, artist and world traveler, was the next speaker, who chose for his talk: Italy and Mussolini. This was delivered in a clear convincing style, which made us imagine we were accompanying him in his travels throughout the country. The description of his audience with Mussolini was very interesting.

Rev. Alexander D. Martin had all of us in an uproar with his Scotch stories and Mr. Charles H. Watts gave an admirable talk on the Spirit of Service, that should be part of all of us in our contact with our fellowmen.

During the banquet we were entertained by an excellent singer, Frank Bernier. He sang all of the latest popular songs and passed part of his enthusiasm to guests who joined him with great fervor.

The banquet over, tables were cleared and the hall made ready for dancers, who enjoyed themselves for several hours. During intervals, Baby Sedgwick entertained with novelty dancing.

This was by far the most successful banquet in attendance, and evidently enjoyed by all.

E. LaGueux, *Secretary.*

TO ANY MAVERICK OR THROWBACK

By Merle Thorpe

A correspondent writes somewhat petulantly that "we are overorganized" and says that that "something should be done....."

While the rest of the world is gazing with envious eyes at our ability to get things done through teamwork some of us occasionally become discouraged.

Only recently the British sent a commission here to study conditions and to learn why the United States is showing her industrial tail lights to the rest of the world. The members reported, among other things, that they were amazed to find how American business men work together in communities and trade associations, "pooling their resources, exchanging information" on the principle that if a community or trade were prosperous, each unit would share in the prosperity.

A successful Italian industrialist, this summer, was discussing Europe's grave problems, when he stopped short to exclaim, "If we in Europe could only learn to pull together as you do!" He added, rather sadly, I thought, "We lack your genius for organization."

We have a distinct flair for teamwork. It is born and bred in our bones. "Appoint a committee." "Organize teams." "All together, and we'll put it across!"

We begin in America as kids on a baseball lot.

As is often the case we are apt to take for granted those virtues which are part and parcel of our daily lives. There are many who profit from the work of their organizations, yet who glibly disavow any interest in group endeavor. Their disinterest ranges from apathy to antipathy. They "haven't time," or they "make a contribution," or declare that they'll have nothing to do with an organization "which is run by a clique."

They are the unwitting economic "throwbacks," freaks who have sloughed

off generations of development and reverted to form. They become selfish members of a community or trade, suspicious of each other, as it was in the beginning of things.

Such men lose materially and spiritually. A New York banker said recently: "The time is coming when a bank's committee will ask of the applicant of a loan, 'Is he a member of his trade association?'" In other words, is he going it alone, trying to meet this intensive age without the help of his partners in industry?

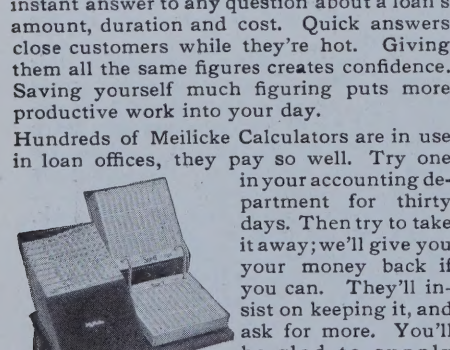
Set this down as gospel: *The work of the world today is being done by groups.* Certain wastes are group wastes and can be only eliminated by a group program and group action. Questionable trade practices, once accepted in pioneering times, can be dealt with best by the groups involved. The "new competition" has pitted industry against industry, community against community.

The individual, no matter how strong as an individual, is weak without the strength of his group. And the beauty of American organization is that individuality is stimulated, not suppressed. If anyone doubts this let him announce to the members of the automobile manufacturers association that he is in the market for a car.

Roosevelt declared truly that every man owes something to his trade or profession—not a dole in the form of dues, but his best thought and inspiration. And Kipling, about the same time, viewing us and his own people with the eyes of a seer and prophet, remarked that the hope of the nation lay in "the everlasting teamwork of every bloomin' soul."

Mavericks in business are picturesque but abnormal. Biologists classify throwbacks as freaks.

In this world of modern business with its complexities no man can stand alone. —*Nation's Business, October, 1927.*



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NATIONAL CONVENTION NEWS

The Michigan Association has organized a committee to be in charge of the arrangements for the next national convention of the American Industrial Lenders Association, which will be held in Grand Rapids, Michigan, either the latter part of September or the early part of October. It will assist the Executive Committee in reaching a conclusion with respect to dates of the next convention if each member will make known his preference.

The committee in charge consists of the following:

General Chairman: Frank S. Whaler, Commonwealth Loan Co., 620 Grand Rapids Natl. Bank Bldg., Grand Rapids, Mich.

Registration: A. B. Cadawalder, A. B. C. Loan & Investment Co.

Reception: F. E. Stroup, Industrial Mortgage & Investment Co., 201 Bldg. & Loan Bldg., Grand Rapids, Mich.

Entertainment: Irving H. Stroup, Industrial Mortgage & Investment Co., 201 Bldg. & Loan Bldg., Grand Rapids, Mich.

Program: Geo. B. Dinsmore, Peoples Loan and Mortgage Co.

Banquet: R. E. Pierce, Personal Finance Co.

Fun Night: Paul N. Casault, Community Finance Service, Inc., 5th floor, Goodspeed Bldg., Grand Rapids, Mich.

Treasurer, A. B. Cadawalder.

Secretary, Irving H. Stroup.

INDIANA

The Twelfth Semi-annual Managers' Convention was held at Richmond, Indiana, November 9, 1927.

The meeting was called to order by F. L. Thompson, chairman.

The first subject was "Constructive Letter Writing," which was thoroughly discussed by Messrs. Burrell, Farrington, Pierson, Wolmer, Deckert and Curry. The consensus of opinion from the general discussion was that form letters were not productive from a collection standpoint. It was also the general opinion that no particular form letter could be generally applicable to the general public. One of the men who discussed this subject offered a very constructive thought, "Why so many letters?" This particularly touched on the subject which we were discussing that more thought put into one letter would be more impressive than several letters with no particular trend of thought given. Another offered the suggestion that "The Literary Digest" had offered a constructive course in letter-writing at a nominal cost and that the magazine, *"Postage and Mail Bag"* offered very constructive suggestions on this particular subject.

The next subject, "Inspection of Letter Before Signing" was discussed by Messrs. Crunk, Money, Farrington and Thompson. These men fully expressed their opinion that it was very necessary and important that everyone should closely inspect their letters before signing. That a properly punctuated letter with no typographical errors together with complete sentences were given far more attention than those loosely constructed with errors. By carefully inspecting your letters, a stenographer knowing that her letters would be read before signing would be more careful in writing them and would more frequently offer constructive criticism in changing paragraphs to read more smoothly, thereby increasing her efficiency in letter-writing.

Mr. Curry in discussing personal attention to letters offered this suggestion which had been demonstrated—out of twelve letters, twelve responded and eight paid. He said a special delivery letter had been sent with only the following sentence, "Call at office at once as I want to see you." Mr. Burrell offered the suggestion that timing a letter to reach a customer on his pay day had been very productive. Another suggestion offered was in writing a customer, make out a full statement of all money due including back payments and that quite frequently the customer would call at the office thinking you had made an error in specifying the regular monthly payment.

The meeting then adjourned for luncheon which was attended by the presidents and secretaries of the Rotary, Kiwanis and Lions Clubs. Mr. C. E. Durnell opened this meeting and with some introductory remarks turned over the meeting to the toastmaster, T. M. Kaufman, who introduced the following speakers, Mr. F. L. Thompson, president of the Indiana Industrial Lenders' Association, who is also president of the American Industrial Lenders' Association. Mr. Thompson gave a brief analysis of the industrial loan business.

Mr. Kaufman then introduced Mayor L. A. Handley who extended a very cordial welcome, having been interested in the loan business previously, expressed his opinion that we had many problems to solve and that he fully appreciated the service which we rendered. Saying he was not a rival of James Whitcomb Riley, he read two poems he had composed, which were very expressive of his thoughts and were very enthusiastically received by the convention.

For the next speaker the toastmaster introduced Judge G. H. Hoelscher, who told a few short stories and expressed his opinion that our business was a very necessary one.

Senator D. C. Harlan was then introduced and he touched very seriously upon the importance of organizations and specifically said that the successful businesses of today were thoroughly organized; that associations and organizations whose policies were to be helpful to the business in which they were engaged and whose desire was to promote good fellowship would succeed. He further stated that several years ago the loan business was far from being one that men could be proud of; that largely due to the uniform small loan law and the progress which the loan men had made through their individual and association efforts that the business was today generally recognized by the public as a very necessary one. He also said that the general public recognized the necessity, growth and progress which the industrial lending business has made.

Elmer Johnson, State Supervisor, then as introduced and very thoroughly explained how the members of the association had coöperated with him and offered is coöperation at all times in order that ne loan business could continue to merit ne confidence of the public.

The afternoon session was called to rder by C. E. Durnell, first vice-presient, at the request of Mr. Thompson. he first subject, "How shall we put ore pull into our 1928 advertising?" as discussed by Messrs. Thompson, henoweth, Nichols, Bishop, McNeeley, urnell, Crunk, Curry, Kaufman and rnett. The following suggestions were ffered as different mediums of advertisg: direct mail, electric signs, theatre rtains, pay envelopes, billboards, radio, nd it was generally conceded that newsaper advertising should be carried at ll times. Mr. Kaufman advanced the nought that every loan man should know ne cost per loan of each advertising em in order to definitely outline the arious programs for future use.

The next question, "What is the most nomentous question facing our business oday?" Only one question was discussed n this subject—Collections. Solutions o this were offered as follows: overloadng—coöperation with various credit asociations—making our loans more elpful—unethical advertising which creted unfavorable opinion and made colections harder. Demanding principal ayment at all times when the customer as employed was a solution offered for ncreased efficiency in making collections. When extension of time was granted, equest both husband and wife to call at ffice.

"Is 'Scare' copy good advertising for ur business" the word "scare" might ave been an exaggerated one on the rogram, but at least it created curiosity. There were several statements made by enders with long experience who conidered such as "Fill the Christmas Stockng," "Santa Claus," "Make the Little Ones Happy," scare copy. This subject as placed on the program more for the enefit of the new members and those who have recently started in the loan usiness to give them the benefit of the ast experience of older loan men.

The next subject, "What is the minimum number (%) of new customers ecessary to maintain your loan balance?" mmediately four or five conventioneers aid 25%. However, there were less han half of the conventioneers who when sked the question, "How many do make 25% of the new ones?" responded favorbly. Because of the lateness of the day, his subject possibly was not as thorughly discussed as it could have been.

The next subject, "What can each individual do to increase the size and operation of our association?" was answered by Mr. Burrell, chairman of the membership committee and by Mr. Crunk who said "Each member get a member." Mr. Burrell then turned to a map which he has prepared showing the various percentage of members and nonmembers in the state and their location.

The Question Box was then opened and the following questions were submitted and answered: "Should we make loans on national or legal holidays? If you do, can they be collected?" Generally conceded that we should close. "Is a chattel loan properly recorded protected in case of bankruptcy?" Yes, only an exception when a mortgage might have been renewed within the four month period by law. "What can you offer your customer that they cannot get at a cut-rate company?" Service. "Is there a saturation point in selling loans?" This question was not very explicit and there were various opinions offered. "What is a chattel mortgage?" This was explained by the president, F. L. Thompson and quoted opinions that constituted a chattel mortgage, which cannot be given in detail because there was no reporter to take these notes. "Have we reached the bottom of the business depression?" This question could hardly be intelligently answered at the present time.

The last question, "Can the President, F. L. Thompson, play golf?" was answered by the acting president, C. E. Durnell, who said "Taking a club and knocking persimmons from a tree, he is a success but as a golfer, no."

O. S. Beck, Chairman of the Convention Committee, and his associates are extended a vote of thanks for their efficiency in planning this convention.

There were sixty-one members in attendance and sixteen guests for lunch.

The meeting then adjourned.

R. F. HARTZ, *Secretary.*

FLORIDA

The regular meeting of the Florida Industrial Lenders Association, was held in the Board Room of the offices of the Personal Finance Company of Tampa, on October 13, 1927.

Chairman Kichline called the meeting to order promptly at 7:30 p. m. The minutes of the previous meeting were read and, on motion duly seconded, were approved.

The following members were present and answered the roll call: C. E. Humphrey and W. W. Tinsley of the Mutual Finance Co. of Tampa; J. H. Ehlers and J. J. Murray, Beneficial Loan Society of St. Petersburg; E. R. Kichline, Personal Finance Co. of Jacksonville; J. R. Standring, P. H. Beach, and L. F. Desmond, Personal Finance Co. of Tampa; A. I. Zeiger, Lakeland Finance Co., Lakeland; J. K. Reid, Economic Loan Co. of Tampa, and E. F. Moore, Beneficial Operating Bureau, New York. We were happy to welcome as our guest, G. S. Knapp, Beneficial Operating Bureau, New York.

The secretary reported nine licensees in the state and one application pending with the Banking Department. Out of this

THE STANDARD BOOK ON
SMALL LOANS

This book, "Usury and Usury Laws," required three years to write. The author traveled extensively and carried on an immense amount of research. The results justify the efforts made. It is now the Standard Work on the subject. It was awarded the highest prize awards at Harvard University and also the Hart, Schaffner & Marx First Prize of $1,000 for the best essay on Economics in 1924.

A Test of What You Know About Small Loans

1. Why was interest forbidden in the Bible?
2. Why are usury laws continually disobeyed?
3. Ancient Babylon had no usury laws. Why?
4. New Jersey has eliminated "Loan Sharks." How?
5. What is the latest form of "loan shark"?
6. What is the difference between a commercial loan, an investment loan and a consumers' loan?
7. Irving Fisher says a usury law cannot work. Why?
8. Arthur H. Ham says the right kind of usury law will always work. How?
9. Five different kinds of institutions make consumers' loans. What are they?
10. What is the fair "scientific" rate for small loans under $300.00? How determined?
11. What countries have non-price-fixing usury laws?
12. What state saved $4,000,000 to its borrowing workers by enacting the correct type of usury law?
13. Forty-three states have usury laws. Five states haven't. Why?
14. Small loan laws do not govern pawnbroking. Why?

All these questions are answered in "Usury and Usury Laws." Sent for $2.50 postpaid. Order from

AMERICAN INDUSTRIAL LENDERS ASSOCIATION

10 South Market Square, Harrisburg, Pa.

number, eight are members of the Association and in good standing.

The treasurer reported a balance of $43.80 in the treasury, with all bills paid to date.

Chairman Reid of the Vigilance Committee had no report, further than calling the attention of the members to the fact that each one was a member of his Vigilance Committee, and any violations of the Small Loan Law were to be reported to him promptly.

C. E. Humphrey, Chairman of the Membership Committee, reported that he had sent letters of invitation to the two licensees who were not members, but had received no reply.

Chairman Standring of the Publicity Committee had no report to offer, but outlined a plan which, in the future, will advertise our meetings and activities throughout the state.

On motion of Mr. Ehlers, seconded by Mr. Reid, the application of the Farland Loan and Savings Co., Jacksonville, was accepted and this company made a member of the State Association.

A standard form membership blank of the Association was drafted and, after some discussion and a few changes, it was adopted. The secretary was instructed to have some copies made up and distributed to the members.

At this time, E. F. Moore, the state delegate to the American Industrial Lenders Association, took the floor to render his report. Mr. Moore covered the activities in a very thorough manner, programs of the meeting and 'Ask Me Another' being distributed to the members.

The change in by-laws, whereby the dues were placed on an equality basis, was brought to the members' attention. Mr. Moore also spoke of the wonderful reception awaiting the visitors in Indianapolis and described the beautifully bound book of James Whitcomb Riley's poems which were distributed as souvenirs.

Mr. Moore, on conclusion of his report, was tendered a rising vote of thanks.

The question of heading for advertisements was then placed before the meeting. After some discussion, it was moved by Mr. Ehlers and seconded by Mr. Reid, to have our heading read: Loans up to $300.

G. S. Knapp of the Beneficial Operating Bureau of New York was introduced. Mr. Knapp, in a very enthusiastic speech, spoke of Florida in glowing terms and believed that the state is on the verge of enjoying great prosperity. Mr. Knapp, having just completed a tour of the state, was in a position to speak authoritatively on conditions and was very enthusiastic about the state's possibilities of future growth and development. Mr. Knapp's speech was greeted with a great deal of applause and a rising vote of thanks was tendered him.

At this time, Mr. Moore once more took the floor and spoke about recent activities in the state in getting newspapers to give our business a special heading. In most cities they were able to get the heading: Loans to House-keepers, or Loans $10 to $300. It was pointed out by Mr. Moore that this puts us in a class by ourselves and creates a good effect on the borrowing public. There being no further business, the meeting was adjourned. J. R. STANDRING, *Sec.*

The Personal Statement

AN ADDRESS

BY ALEXANDER WALL,

Secretary and Treasurer of the Robert Morris Associates, Philadelphia, before the Annual Meeting of the P. I. L. A. November 9, 1927

Mr. Chairman, Gentlemen: A very serious blunder was made at this table a few minutes ago, and I speak with a great deal of authority on that particular question. When I go to church on Sunday, the preacher preaches a sermon and then they take up the collection. There were very energetic people around here taking up the collection first. I presume that is foresight, and if you listen to the sermon there would not be enough here to get a collection worth while.

When I was first asked to talk to this group, I could not see how it could be possible that anything that I might be able to say out of my experience would be interesting, let alone instructive. My whole experience has been in commercial banking, my actual experience in banking practically entirely with national banks. I have been entirely engaged in the credit end of banking and when your representative, Mr. Buck, asked me to talk to you, it reminded me of an incident that happened some fifteen years ago, when a progressive merchant came to the bank that I was employed by and asked me to take a position with him as their credit man. I was getting at that time a very modest salary and I had an idea that a man in a large store of this kind got quite a lot of money, so I went over and listened. The job was to determine whether Tom, Dick and Harry who wanted to buy anything from fifty cents up to four dollars and fifty cents and have it charged to the end of the month would be good credit. I could not begin to find a way to tell that from my experience and I said, "My training for the last ten years has been entirely along the line of trying to find out whether your company might be good for $150,000 or $250,000 or half a million dollars, and if I came into your Department and credit was put up to me of $25 or $50, I would say, 'Why certainly.'" He said, "I guess you had better go back to the bank."

So I have had no experience with small loans and therefore I can't talk about the process of loaning money on this kind of basis.

When I was asked for a topic, I picked as a topic, "The Personal Statement," because of the fact that in commercial banking the financial statement is one of the very important factors in extending credit. The analysis of the figured facts as displayed in a profit and loss account, and one thing and another of that kind, is a very important item in the dertermination as to whether or not it is safe to extend credit. It has been my job for the last twenty years to do practically nothing but analyze statements, in an attempt to determine whether or not certain companies or certain partnerships would make a satisfactory banking risk. Logically the statement came into my mind as a thing of importance and I realized at the same time that that kind of statement probably did not figure in your kind of business, and so I picked "The Personal Statement" as a topic for consideration.

Now, in the financial statement you have assets and liabilities—cash and accounts receivable, merchandise and plans, procedure and machinery, real estate as assets and on the other side bills payable, mortgages, funded debts and reserves and a net worth item to balance the statement.

In the personal statement I have imagined that you have a somewhat similar set-up, only on the asset side you have first character as an asset, the willingness of the borrower to stand the gaff when the pinch comes, his real desire to make good on the accommodation that has been extended to him. As an additional asset you have his earning capacity, the providing of the wherewithal to make the payment. On the liability side of this personal statement, you have the social ambition of the individual to appear as bigger or stronger than he really is, the spending desire. All of us who have read the literature of the last few years are familiar with the phrase, "Keeping up with the Joneses."

About a month ago, a friend of mine, in addressing our organization on the coal industry, talking about the use of coal as a heating unit for domestic purposes said that one of the biggest influences in bringing about the competition of the oil burner with the coal furnace was this "Keeping up with the Joneses." Mrs. Smith on one side of the street did not want to have the ash cans out in front of her house or the ash collector come in, or did not want her husband to be shaking down the furnace or the person in the neighboring house, if a duplex, aware that they were burning coal when it was not quite as socially proper as burning oil, and this desire of "Keeping up with the Joneses," who lived next door or across the street was a large influence in the introduction and in the domestic consumption of oil burning apparatus, and helped to increase the competition of that with coal.

Now, as I understand it, that is a psychological element in your problem—just how much are the people to whom you loan money trying to keep up with the Joneses, how heavy is that liability? Does their desire for social distinction overweigh their appreciation of responsibility? Do they come to you to borrow the $200 or $300 that they borrow for a real purpose, or do they come to you to borrow the $200 or $300 as a social stratagem, something to make them appear to be more than they are temporarily? That is, as I see it, the fundamental, underlying credit problem, the ethical strength of the borrower, plus his reasonably expected

ility to pay, offset against the desire r social extravagance and his necessity payment.

Another feeling that I had when I was st approached was that I would if I me appear before a group of Shylocks arpening their knives as Shylock did "The Merchant of Venice" in order to t a pound of flesh. I find quite a con-ary arrangement. I went to New Eng-nd on Sunday night and I read about n or fifteen small pamphlets that Mr. ick gave to me about this small loan w and the status, aims and ambitions, inciples and also the code of ethics of is organization, and I found this, if I ay be brutally frank, that here banded gether were a group of intelligent men no realized that in the financing mechan-n of the country there was a vacuum at could not be supplied by ordinary nking processes. Those of us that have en in the commercial banking game re-ize that we lose money at the current te of interest on every loan under $500, at it costs us more than the income on a 00 loan to do the bookkeeping at the mmercial rate of interest. People that ve to borrow these small amounts then, cepting those who can put up collateral, ve really no source of supply to meet at need in ordinary commercial banking, I see it. If they happen to be closely miliar with some officer in a bank, the nk pockets the loss, takes the trouble loan them a couple of hundred dollars r a while, if that is going to help them er a steep place in the road, but there not any money in it. I mean there is no ofit in it, there is an actual loss.

Now, as I understand it from my per-nal study of economics, no commercial tivity can exist continually in society -day on an open and frank basis unless has economic stability behind it. There n be no continued life for any com-ercial enterprise or commercial organ-ation unless it is definitely filling an onomic need or definitely satisfying an onomic need. We are living to-day in period of great economic change. Freas Snyder, who is going to talk to you to-night and who is a deeper student, with a more plastic mind than I have on economic problems, is going to talk to you on the subject of "The New Currency." I had a conference with him for about an hour this morning to find out what he was going to say and I agreed to lay the basis for what is going to be a splendid talk to-night on this economic problem of the day.

If this organization will stick to the ethics as expressed in your leaflet on ethics, if they will fill the vacuum of those people who may need $200 or $300 to meet the doctor's bills or to meet an emergency or to provide the initial capital to engage in a small venture from which they may be able to develop into big business, then this organization is filling very definitely an economic position worthy of dignity, respect and support. On the other hand, if the organization allows to creep into it a further expansion of extravagance on the part of individuals, simply a gluttonous acceptance of an easier living temporarily, the satisfaction of a personal whim, if they borrow these sums to keep up with the Joneses rather than to use this money economically, then there is nothing ahead of this organization or this movement but failure. Instead of lifting this type of business on to the plane that it now apparently holds and getting for it the confidence that it has from the State, because you have legislation supporting it, that it has from the community because without the general acceptance of the community in the integrity of such a movement you could not get the legislation, if they digress from what is economically sound and reasonably ethical there is nothing ahead of this movement, or any one akin to it, but disruption. The mere getting of money—and I say this same thing to my own crowd, the commercial bankers—if the mere gaining of profits is the sole end of any operation, that operation eventually will fail.

I was on the platform last June in Detroit with the president of one of Washington's largest banks, a member of the Clearing House Committee of the City of Washington, an active member of the American Bankers' Association, and I was astounded to hear him say that bankers produced nothing, that they lived on the capital of other people and that they themselves produced nothing. Well, it kind of got my goat, having been a banker all my life, to figure that I had worked twenty-five years and produced nothing. I can't imagine anything more useless than that sort of an existence for anybody and I made this statement, that proper banking takes a selected risk in which the banker has confidence. It may not be a financially strong risk, it may be an individually strong risk, with the driving power of the management sufficiently strong to make it a good risk in spite of the fact that it is under captitalized. They take this risk and live with it in the day time, they dream about it at night, they advise with the borrower, consult other bankers in the same line of business to find out what is typical, what the man ought to do and ought not to do, and they construct what? A going business, and they produce, the banking fraternity produce, productive units of society, and in that process they produce good citizens; and I don't know of anything that is more worthy of production than good citizens and I can conceive of this, that underlying your structure, coming into contact with those people that are up against the very front of the conflict that are up against personal annihilation it seems (I imagine many of these people will come to you destitute, at their wits' ends, to get by their obstacle in their road of life), if you grant them credit intelligently, if you talk to these people properly, if you give to them a reasonable extension beyond what the letter of the law demands, then this organization can begin even farther down the scale, closer to the individual, to build for this country a sound citizenship based on "The Personal Statement." I thank you.

The Industrial Loan Business as a Vocation

By C. F. Berquist, *American Loan Company of Pittsburgh*

Read at the Annual P. I. L. A. Meeting, Philadelphia, Nov. 9, 1927

The young man starting out in business is usually some choice as to the matter his future field of endeavor. Before riving at any definite decision he should k himself, first, what offers the great-t possible remuneration after the com-etion of a training period, and second hat are the chances of promotion.

It is apparent that the ambitious man ust choose a corporation large enough permit his promotion as soon as he erits it, and where ability is the only ctor to be considered. Furthermore e corporation should be of the "chain" pe in operation, and the program of ex-nsion should be investigated in order to etermine whether or not the company as reached the saturation point as re-ards development. The business enter-ise which has no intention of opening w branches renders promotion slow and ncertain, and does not provide the sort background that is inviting to men who e keen and ambitious.

Let us consider the ideal corporation om the standpoint of the sort of business in which there is the most money to be made—because the more lucrative the business, the larger the remuneration. It is taken for granted of course, that the business is legally and efficiently conducted, and has the respect of the circles in which it operates.

But—is it a public necessity? How widely is its demand distributed, and how is this demand affected by adverse labor conditions, unfavorable weather, and poor transportation facilities? Is the demand seasonal, or is it steady throughout the year? Are there any labor troubles to be considered? What is the policy of the organization towards promotion? Does it go outside for men, or are the company's men given adequate training, and are all promotions made from within? Does the employee get free insurance or any other consideration of value? Are its officers and directors of a high type, and how are they regarded by their business associates?

Approached from this angle, the field narrows to those large corporations engaged in handling the actual necessaries of human existence, unaffected by any seasonal fluctuation of business, and possessing an unfailing source of supply as well as an unfailing market. This eliminates all industrial and mercantile plants leaving only insurance companies, small loan companies and chain banks.

An unbiased analysis of their comparative merits follows:

The chain banking system offers small salaries, slow promotion, and little opportunity to develop either initiative or real executive ability. This is, in addition, an overcrowded field of work. The chain bank may be safely dismissed as offering little inducement.

The insurance companies, on the other hand, by maintaining branch agencies and by heavy advertising, often help men to financial independence, and there are many instances of very large fortunes having been built up by intelligent, persistent hard work. In the insurance field the remuneration is usually on a commission

basis, and it is safe to assume that over ninety per cent of solicitors, salesmen and managers are paid on that basis.

The one drawback to insurance, from the standpoint of the young man just entering business, is that it requires several years to build up a good clientele—a period so full of hard work, rebuffs, discouragements, pounding sidewalks, ringing doorbells and opening office doors that those who do fight their way to success by this means are entitled to every penny that they earn, and deserve the respect and admiration of every one who knows the conditions and difficulties they have met and overcome.

Some insurance companies will not take on a new salesman unless he has sufficient money to support him during the training period independent of what business he may write, or else is assured a living with parents or relatives.

The chief drawbacks are the manner and the uncertainty of remuneration and a possibly long period before any money is made at all, due to the technical and complicated nature of the business.

Now we will take the industrial loan business.

When it is taken into consideration that only one person out of every five in the United States can obtain a bank loan—that 80 per cent of the people of this country must go to the industrial loan companies for their occasional financial accomodations—some idea of the financial field covered by this type of industrial loan company will be realized. Can any intelligent person doubt that the demand for money will last just as long as money is the common medium of exchange? The demand for money is not seasonal, and with the exception of the Christmas period (when the demand is unusually heavy) one month's business is about equal to any other, although February has proven to be below the average.

The industrial loan business affords no bed of roses. It is no get-rich-quick job. The work is not easy, for no easy work affords the opportunities for all that makes life worth living that this job does. It requires a thorough elementary education, and high school, business school and collegiate work are tremendous assets. It requires good physical health, and a lack of physical peculiarities or impairments. In addition to the mental qualities of alertness, a sense of humor must be inherent in the industrial loan man, and he must be honest, loyal and ambitious. These qualities are possessed in some degree by all men but by industrial loan men in marked degree. A willingness to recognize and carry responsibility, to accept correction in the spirit in which it is offered, a strong appreciation of the advantages of coöperation, the faculty of being a good mixer among men, of telling the truth, of handling other peoples money as if it were their own, these are the things that make for success in this business. No other field of endeavor offers these advantages. Make use of the advantages offered, stick to the job and qualify for the job ahead.

There is a job ahead when you can—Get the money out! Get it back! Keep expenses down!

The Proper Extension of Credit

By Richard McHugh, *Manager Community Finance Service, Inc., Philadelphia*

Read at the Annual P. I. L. A. Meeting, Philadelphia, Nov. 9, 1927

"Your credit's good for anything," our leading merchant said it; "we want all men to dance and sing, and so we're giving credit. Just blow yourself by day and night, though empty be your pocket; buy anything that is in sight, and on the slate we'll chalk it." It is a noble thing to feel your stand-off has no limit; that you may buy with fiery zeal, and none will try to trim it. A large pipe organ then I bought, its tones were grand and thrilling, and when I left the store I thought I'd surely made a killing. But as I paced the village street to gain my humble shanty, I felt a coolness in my feet—how face the wife and auntie? "If there's a thing we do not need," they cried in doleful chorus, "it is that instrument—indeed, the thing will only bore us." Now every week for fourteen years you'll have to make a payment, and who will buy our kickless beers, our remedies and raiment?" Next day, when to my work I went, remorse within me stronger, the boss exclaimed, "Oh, Mr. Gent, we'll need you here no longer." My eyes with scalding tears were dim, as I went forth, disgusted; I fell downstairs and broke a limb, which surgeons then adjusted. Misfortunes came, one after one, woe was a chronic dweller; and every week there came a dun from that blamed organ seller. Just now I'm having better luck, I work for Johnnie Morgan, and every week I take a buck to pay on that pipe organ. I'll never buy a thing again, though merchants plead and banter, unless I have the iron men to pay for it instanter."

Credit is the life blood of commerce, and as the facilities for proper credit are extended—so as to take care of all those who have a legitimate right to use them, so far will the prosperity of the community, state or nation advance.

I am firmly convinced that the paramount position enjoyed by the United States to-day in the world of business is due to the fact that this nation has the proper facilities for commercial credit developed to the extent that all legitimate needs may be taken care of properly. So long as that condition applies, just so long will this nation remain in the lead of all others in the world of business.

When proper credit is not extended, business dies, and a period of hard times comes on the country, as can easily be proved by going over the records of the nation's business.

This being true of the commercial life of the nation, we can easily see that it is also true of the man who has an average salary, who has not been able to lay up a sufficient amount of money to be a legitimate customer of a commercial bank, and who has to depend on the small loan for financing himself when in need of funds that are more than his regular income provides in a lump sum.

This demand for this class of financial service is world old. It has always existed, and will always exist. When there is a demand for small sums of money with which to meet immediate needs.

A careful investigation made some time ago showed that there was only about 15% of the American population who have access to financial facilities, which leaves approximately 85% without any financial accommodation in time of need, and this will show you the real need for the small loan business. In addition to this 15% there is another approximate 15% who are the poor and needy and who can best be assisted by outright charity, leaving 70% that come naturally within the field of those whom the small loan bank may serve. These are the middle class, office and shop employees, industrial workers, small business and professional men, people of good character, steady jobs, a reputation of paying their bills, and incomes sufficient to enable them to live and pay their bills, and have a surplus to repay small loans.

Prior to the year 1914 no systematic effort was made to offer this financial service, although some societies, lodges, churches and employers, made loans to those in need. However, most of the people who were in need of the small loans to tide them over were of necessity compelled to go to the loan shark, sign an assignment of salary, and pay heavy charges for the loan, and in addition to that pay interest which was out of all reason for the accommodation furnished. Those who were so unfortunate as to be driven to the loan shark for accommodation and after the transaction was finished remind me very much of the old darky and the 'possum.

According to the story there was an old negro man who caught a nice fat 'possum and killed it and prepared it for cooking, put it in a pan with sweet potatoes in it and put it on the stove to cook. While waiting for his 'possum to get cooked he fell asleep and a little "nigger" came in the room and saw the old man asleep and the 'possum all nice and done. The temptation was too great for the little "nigger" so he ate the old man 'possum, potatoes and all. After he had eaten it he became afraid lest the old man would give him a whipping, so he took some of the grease from the bones and greased the old man's lips and hands and then slipped out. By and by the old darky wakes up. The first thing that he thinks of is his possum, so he opens the stove but the 'possum is gone.

He sees the bones on the table and licks his lips and hands and says to himself, "Well, I suppose I must have eaten that 'possum, but 'fore God, if I did it certainly lays lighter on my stomach than any other 'possum I ever ate."

And after paying all the charges and interest that was required in the period prior to 1914 when borrowing a small amount of money from a loan shark I have no doubt but what the customer felt that they might have had a loan, but that it certainly lay lighter in their pocket than any other money they had ever had.

In 1914 a forward step was taken towards making the small loan business legitimate, and setting it on the high way to being a real service in the com-

unity, and since that time it has made pid progress in filling a world old need a business-like manner.

Through the efforts of the Russell Sage undation, a social service agency, a iiform small loan law was drafted in 14, which was designed to restrict oney lenders from preying upon the asses. Prior to this time the term Loan ffice was an epithet of disgrace and lf-respecting people abhorred dealing ith such an agency. A platform was lopted by the Lenders—the first plank of hich dealt with the welfare of its mem-rs. The second plank was to protect e public who made use of the facilities rovided by this group for The Exten-on of Credit, against extortionate prac-es.

From that time until the present status the small loan business has improved til at the present time the public gen-ally realize that the licensed lenders ve as great a place in the life of the mmunity as the commercial banks.

The purpose of the small loan company, hough it is engaged in the business of nding money, is different from the com-ercial bank in several important partic-ars. The loans are made mainly from e capital of the bank and not from oney on deposit, and as it is limited by w to the making of small loans it does t go into the field that is so well filled this country by the commercial banks. permitting the lawful organization and eration of the small loan bank the law s recognized the need of financial ac-mmodations on the part of the great ajority of the population of the coun-y for whom the commercial bank credit not available.

The proper extension of credit to the an who has not the facilities for ob-ining credit at the commercial bank is value not only to the man to whom e accommodation is extended, but is so of value to the commercial life of e community.

To render the best service to the bor-wer does not always call for mere anting of a loan. Proper advice at nes is decidedly more essential than tual possession of money. To help those eking financial relief with constructive ggestions, many times relieves anxiety, ears up misunderstanding and lets the nlight into the lives of heavy hearted lks. In extending credit along the eals and ethices sponsored by the Sage oundation, loans, to the morally finan-ally and irresponsible, should not be ap-oved.

There are unrecorded examples where e lender has been instrumental in bring-g together estranged man and wife; stances where intercession with fur-ture companies has rehabilitated de-nquent customers; cases where sound lvice has been given with respect to vestments and where legal aid has been rnished in times of almost defenseless nposition. Also the regular monthly or eekly payments are conducive to creat-g a habit for thrift. After the obliga-on is settled, one can save an amount in roportion to what was previously being aid on the loan. There can be no gain-ying that this is truly a meritorious nd necessary service integral with the siness of making industrial loans not lways compensated for the cash regis-r.

An analysis of the cause for industrial orrowing shows the value of the system o others than the borrowers themselves, for in a great many instances the money is used to pay accummulated debts, and through the small payments regularly finance his outstanding indebtedness so that it will not be a burden to him.

While it is quite true that the extension of credit through the small loan banks is more expensive than the same amount of credit would be through a commercial bank, the factor of—cost determines price enters here as it does into every other phase of commercial life. The higher rate of interest permitted on small loans has an economic justification, because of the hazardness inherent in the character of the collateral offered as security which can seldom be realized upon by legal process, and also of the fact that the accounts are so small, that at the rate paid at a commercial bank they would not pay the lender sufficient to even maintain a sufficient office force to conduct his business properly, as the bookkeeping in connection with a small loan is, when all is said and done, as extensive as it would be for a larger one.

The future of the small loan business is bright. There is a growing demand for this class of business, and the present field is to a large extent unworked.

So long as there is a demand for credit, but no facilities for taking care of the demand, so long will a more or less underhand system of loan shark business be transacted, because all demands will in the very nature of things be supplied.

Therefore the small loan business should develop and expand until it has reached a sufficient size to take care of the approximately 70% of the population of the United States who at some time or other in their lives are in need of credit facilities, but who cannot be accommodated by commercial banks.

The standard of the small loan business should at all times be kept to the highest point, so that it will command the confidence and respect of the public, and enable a man to feel free to consult them when in need of the credit facilities which they extend.

Service should be the watchword of all engaged in the small loan business, and the fact that they are an important factor in the economic life of the nation and render service that is worthwhile, will continue to make friends for the business among all classes of people.

If service is what it should be, if the extension of credit is made on a basis that will commend itself to those seeking it as being fair and just, then the interest that is paid will be paid as a legitimate return on the capital invested and for the service rendered and there will be no complaints as to the small loan business but instead the community as a whole in which we operate will be thankful for the business that we are conducting and feel that we are entitled to the legitimate profits that appear exorbitant to the uninitiated.

When we have the community behind us on this basis we can feel that we are doing something worthwhile. That we have a conveyance that is not only making a living profit, but that is bringing happiness into the lives of wage-earners and oftentimes brightening up a rather drab existence.

With this idea in mind even if some should criticize as they always do any successful and growing profession, we will be in a position to know that we are conducting our business on the lines of fellowship and service because we will feel with James Whitcomb Riley that:

"When a man ain't got a cent, and he's feeling kind o' blue,
And the clouds hang dark and heavy, and won't let the sunshine thru,
It's a great thing, O, my brethren, for a feller just to lay
His hand upon your shoulder in a friendly sort o' way!

"Oh, the world's a curious compound, with its honey and its gall,
With its cares and bitter crosses, but a good world after all.
And a good God must have made it—leastways, that is what I say
When a hand is on my shoulder in a friendly sort o' way."

RHODE ISLAND

The regular meeting of the Rhode Island Industrial Lenders Association was held at the Biltimore Hotel, Providence, Rhode Island, on October 20, 1927, at 7:30 p. m.

Chairman Neal presided.

The minutes of the last regular meeting were read by the secretary and accepted by motion duly made and seconded.

Fourteen members responded to the roll call as follows: Chester Neal Company, Mutual Finance System, American Loan Company, Personal Finance Company, Citizens Finance Company, Household Finance Corporation, Union Finance Company, Beneficial Loan Society, Ideal Financing Company, Providence, R. I.; Mutual Loan Association, Pawtucket, R. I.; Mutual Service Association, Newport, R. I.; Auto Owners Loan Company, Providence, R. I.; Household Finance Company, Pawtucket, R. I.; American Loan Company, Woonsocket, R. I.

The treasurer read his report, it was moved and seconded to accept report as read, passed.

The secretary's report consisted of stating our membership totalled twenty-six members.

Motion was made and seconded to appoint a committee to contact delinquent members and Chariman Neal appointed Messrs. Rich and Findlay to serve for this purpose.

Mr. Wood made a motion that bills O K'd by secretary and paid by treasurer be ratified to date and upon being seconded it was so passed.

It was moved, seconded and passed that the treasurer be given authority to pay Biltmore Hotel for room occupied at this meeting to-night.

Motion made by Mr. Zimmerman that secretary be authorized to approve such bills as presented to him as is necessary on behalf of Association and that treasurer be authorized to pay such approved bills and have them ratified at the next regular meeting. Seconded and passed.

Motion by Mr. Wood, seconded by Mr. Findlay that a committee be appointed, by Chair, to revise Constitution and By-Laws, the proposed change to be forwarded to secretary in ample time so that he can include proposed change in notices sent to members. Chair then appointed Messrs. W. G. Wood and A. G. Zimmerman to serve.

It was moved and passed that Attorney Frank L. Hinckley be retained as Counsel for 1928 and each year thereafter until voted otherwise, and that treasurer be hereby authorized to pay him the usual retaining fee.

Motion was made and seconded that officers of this Association be appointed as an Executive Committee to look after the interest of said Association on all special occasions that may arise between meetings. Passed.

It was moved and passed that member be reimbursed $50.00 spent for the good of Association and that treasurer send him check in payment at once.

Mr. Rich then rendered his report of his attendance at the Convention of A. I. L. A. held in September, 1927. His report being accepted with thanks it was moved and passed to authorize treasurer to reimburse Mr. Rich for his expenses incurred a propos to this convention.

There being no further business it was voted to adjourn.

E. La Gueux, *Sec.*

MEETING SCHEDULE

FLORIDA—Tampa, December 21.

PENNSYLVANIA—Pittsburgh, January 12.

RHODE ISLAND—Providence, January 19.

ILLINOIS—Chicago, January 26.

VIRGINIA—Richmond, January 26.

CONNECTICUT—New Haven, January.

WEST VIRGINIA—Charleston, February 16 or 23.

MICHIGAN—Lansing, April 19.

INDIANA—Indianapolis, May 16 and 17.

1927-8

With thanks for your patronage and wishing you increasing prosperity, we extend our sincere Christmas Greetings . . . . .

The William J. Marsh Company
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N. A. WINTE

Industrial Lenders Advertising Helps

DES MOINES, IOW

Merry Christmas! Happy New Year!

To all Industrial Lenders, the Institute wishes a very Merry Christmas and a Most Happy New Year.

We wish to thank all those who during the past year have assisted the Institute in its work. It has been indeed a record breaking year for us, and it has been largely due to the hearty support given us throughout the country. We have during the past year completed our Two Year Course, established a trained personnel to guarantee the best possible service, and, above all, doubled our enrollment! At the end of 1926, the Institute had five hundred and twenty-five students enrolled—we now have well over one thousand!

Not alone are we pleased because of this enormous increase in students, but it sends a warm feeling through us at the thought that out of 2,000 loan offices in the Country, we have 1,000 enrolled. Students of the Institute range from Oregon to Florida, from Maine to New Mexico.

This fine showing serves to urge us on in the many new plans we have for the future. With such support in the future as has been given the Institute in the past, we know the many new features we contemplate will be successful.

Your hearty coöperation and booster spirit has been the most powerful factor in our success and we want you to know it is most heartily appreciated.

We most sincerely wish you again a very Merry Christmas and a Most Happy and Prosperous New Year.

Industrial Lenders Technical Institute

468 Fourth Avenue, New York City.

Approved as a correspondence school under the laws of the State of New York.

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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. XII, No. 7. JANUARY, 1928. Price, $1.00 a year.

THE LIBRARY OF THE
JAN 13 1928
UNIVERSITY OF ILLINOIS

IRGINIA'S TENTH ANNUAL ASSOCIATION MEETING AND BANQUET

Hotel Richmond, Thursday, January 26, 1928

For the past month preparations have en under way by various committees to ake the Tenth Annual Meeting and nquet of the Virginia Industrial nders Association to be held in the otel Richmond on Thursday, January , 1928 the biggest and best ever in the ssociation's history.

The business meeting will be called to der by Chairman, J. E. Burnett, at 30 a. m. Both morning and afternoon ssions will be devoted almost entirely committee reports and consideration of e proposed new by-laws, and will in- ude matters of vital importance to you. any of you are aware of what has been complished in Virginia during 1927. onderful strides have been made but ere remains yet a great deal to be done. e are looking forward to having with not only everyone located in Virginia t leaders in the Industrial Loan Field roughout the country.

The principal speaker scheduled for the siness session is Myron E. Bristow, ief Bank Examiner for the State of irginia who will give a general review our business. This should mean some- ing to you.

Election of officers for the ensuing year ill close the afternoon meeting.

The Banquet will begin promptly at 30 p. m. in the Hotel Richmond Winter arden which has been reserved for is purpose. The Honorable Oscar L. ewmake will preside as toastmaster at e speakers' table, principal of whom ill be Mr. Leon Henderson, of the Rus- ll Sage Foundation, New York. Other eakers will include Honorable James R. epherd, Director of Public Safety for e City of Richmond and Attorney Gen- al John R. Saunders.

A program of entertainment by the best lent available is scheduled. Music dur- g dinner and dancing will be furnished the Hotel Richmond orchestra. Unique vors are to be distributed and among ur guests will be a number of our iends from the Virginia Legislature, en in session. Members of the State orporation Commission and others ominent in the political and Industrial fe of the state will attend.

The following are committees and com- ittee chairmen: General Chairman, J. . Burnett; General Treasurer, J. S. Edge; Hotel and Program, J. E. Burnett; General Secretary, H. S. Emison; Refreshments, J. S. Edge; Tickets, H. S. Emison; Chairman, R. F. Reynolds, E. G. Thomas, J. A. Shilling, M. D. Dickinson, L. E. Seay, A. B. McMurtrie, W. I. Watson, L. E. Pope, J. H. Kidd, all of Richmond, W. F. Bradshaw, 308 Plume St., Norforlk, Va.; J. J. Price, 201 Mountain Trust Bldg., Roanoke, Va.; J. E. Burton, 301 First National Bank Bldg., Newport News, Va.; J. M. Long, 214 11th St., Lynchburg, Va.; S. Lee Tucker, 102 So. St. Asaph St., Alexandria, Va. and W. W. Rogerson, 101 N. Sycamore St., Petersburg, Va. Reception, A. B. McMurtrie. Ladies Reception, Miss Gladys Zimmer, Chairman. Speakers, W. H. Cardwell, Virgil R. Goode, Curtis M. Dozier. Publicity, W. H. Cardwell, Virgil R. Goode. Invitation-Guests, W. H. Cardwell, Virgil R. Goode, Curtis M. Dozier, L. E. Pope, W. T. Smithdeal and J. E. Burnett.

Make your arrangements now to be with us. Reservations can be made by writing to the Secretary, Room 208 Grace American Bldg., Richmond, Va.

NATIONAL CONVENTION NEWS

The Executive Committee has selected the dates of September 19, 20, 21, 1928 for the next National Convention which takes place in Grand Rapids, Michigan. The Committee believed by setting the dates one week later than the time the Indianapolis Convention occurred this year that we would avoid the hot weather experienced in Indiana. The headquarters will be at the Pantlind Hotel, and announcements concerning the convention will be made from month to month in this publication.

1927 YEAR BOOK

The 1927 Year Book of the A. I. L. A. made its appearance last month when each member and prominent persons and welfare organizations were mailed complimentary copies. The Year Book contains the complete proceedings of the Convention held in Indianapolis last September, a directory of the A. I. L. A. membership, and much other valuable information such as a reference list of the Uniform Small Loan Laws and similar laws enacted in various states, giving the date of passage, percentage a month allowed, and full citation of where the laws may be found in every state. Non-members desiring the book may obtain it by sending $1.00 to the Secretary, Geo. W. Kehr, Box 778, Harrisburg, Pa.

WHY DOES A PROMPT PAYING CUSTOMER BECOME SLOW?

Read by A. C. Holm, manager American Loan Co., Reading, at the annual P. I. L. A. meeting, Philadelphia, Nov. 1927.

There are several types of slows which may be roughly classified as either voluntary or unvoluntary. An involuntary slow may be defined as a person who would pay if he could, but is unable to. Whether or not an involuntary slow eventually becomes a skip depends entirely on the treatment accorded him. If misfortune has overtaken him, due consideration should be given, because undue pressure will force him to leave. By due consideration does not necessarily infer that the customer should never be called on nor requested to pay, because it can be taken for granted that he has some money coming in and that he is sharing it with some one of his creditors. Our part, that we are entitled to, does not necessarily mean the full payment provided in the contract —if in the opinion of the LM that amount will cause him or his family discomfort. This is one of the many occasions that the LM is called upon to use his judgment, and his ability to detect the genuine unfortunate from those that merely plead misfortune.

A voluntary slow is usually a chronic slow, and is the hardest class of a slow to handle. A complete investigation handled by a wide-awake AM will almost invariably cut out the chronic slow. To comprehend fully every detail of a slow's affairs requires thought and digging into matters not ordinarily related to loan office practice. LM's only too often are of the opinion that it can't be done because of the time and effort involved. However, by remembering that an hour of analysis is equal to two hours of collection and the operating cost is only half while the result obtained is double, it stands to reason that analysis of accounts as a collection aid is the only logical way to determine the chronic slow and to combat him successfully.

One of the major reasons why a customer becomes a delinquent is because the LM in closing the loan failed to stress the necessity and economy of meeting payments when due. It is an injustice to the customer not to fully explain the details of the transaction. A common cause of accounts going slow, who do not pay because they do not wish to pay, is that the contract was not made perfectly clear to them and they have not thoroughly accepted and understood its provisions. The most satisfactory way is to get them into the office and then talk over with them the nature of their griev-

INDUSTRIAL LENDERS NEWS

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NATIONAL OFFICERS, 1927-1928.

President, F. L. Thompson, 8-11 Farmers National Bank Bldg., Shelbyville, Ind.
Vice-President, G. J. Badger, 40 Journal Square Bank Bldg., Jersey City, N. J.
Treasurer, T. J. Harrison, Riviera Theatre Bldg., Waterloo, Iowa.
Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

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Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.
Finance, W. P. Woll, 360 N. Michigan Ave., Chicago.
Law, F. R. Hubachek, Esq., 650 Baker Bldg., Minneapolis, Minn.
Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.
Publicity, L. K. Osborne, 1506 Buckeye Bldg., Columbus, O.
Membership, W. S. Herron, 404 Denckla Bldg., Philadelphia.
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Conn.—M. J. Connors, 27 W. Main St., Waterbury.
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Ohio.—W. W. Taylor, 210 Feick Block, Sandusky
Pa.—J. G. Bachofer, 18 N. 5th St., Reading.
R. I.—H. G. Neal, 49 Weybosset St., Providence.
Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.
Va.—J. E. Burnett, 119 N. 3rd St., Richmond.
W. Va.—A. H. Knox, 370½ Market St., Parkersburg.

STATE SECRETARIES.

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Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.
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Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.
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Md.—E. M. Garren, 331 Equitable Bldg., Baltimore.
Mass.—D. J. Cote, 552 Mass. Ave., Cambridge.
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N. J.—V. L. Buchman, Wilkinson Bldg., Trenton.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—W. S. Herron, 404 Denckla Bldg., Philadelphia.
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Tenn.—A. Rohm, 204 Mercantile Bldg., Knoxville.
Va.—H. M. Fenner, 201 New Monroe Bldg., Norfolk.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

ance. There is always something, probably a very unimportant item, that can be made clear and the account restored to its proper status. The majority of our customers are honest, and if we would make a study of our slows and analyze each one carefully, we would find that the LM or some member of his service staff was responsible for the account going slow. This works out in nine cases out of ten.

Modern analysis of delinquent accounts point to budgeting as the most effective means of determining what a customer does with his money, and how much of it you are entitled to without oppressing him. Budgeting can be the method a modern LM can always rely on to separate the sheep from the goats. A careful budget acquaints the LM with every circumstance of his slow's living conditions and his financial condition, and will enable him to determine exactly whether the slow is doing his best or whether he is a chronic slow whose best efforts are devoted to avoiding payments. A budget check-up will compel either payment or refusal.

Tact and diplomacy are two attributes of the successful LM. Occasionally we find a customer who imagines he has a personal grievance against some member of the service staff. This grievance may or may not be founded on fact, but the LM should see that the customer does not leave the office in an angry mood.

A very ordinary cause of accounts going slow is due to domestic troubles. It is not suggested that the LM attempt to patch up a peace between the parties involved, but he should be careful to point out to them the fact that they are both legally and morally responsible for the obligation that they jointly assumed, and are therefore expected to make satisfactory arrangements to take care of the account in a proper manner.

Much depends upon the AM's first call on a customer after they have become delinquent. He can either make or break the loan right then and there. His approach must be tactful with the sole purpose of getting the customer into the office, so that the manager can determine by a personal interview the cause of the delinquency, and by reselling our service, he is able to bring the customer back to the appreciative state of mind he was in when the loan was first made, so that future payments will be made promptly. In the final analysis I believe that if we look more to ourselves to see what we did or did not do rather than to the customer, we will find a great many of the reasons "why prompt paying customers become slow?"

HODSON ENTERPRISES' CHRISTMAS PARTY

The Beneficial Operating Bureau Inc., New York, with Clarence Hodson & Company, Bankers National Life Insurance Company, Collateral Bankers Inc., American Loan Company, Southern Trust Company, Guaranty and Indemnity Insurance Company and Beneficial Loan Society, participated in the fifth annual party of Hodson Enterprises on the evening of December 23d at the Commodore Hotel.

The dinner and festivities were held in the East Ballroom of the hotel which was elaborately decorated in the holiday spirit.

A sumptuous nine course dinner was served, followed by addresses and loving cup presentations to the winners of affiliated company contests by Mr. Budd Smith, Mr. Joseph Reichart and Mr. Charles Watts. Colonel Clarence Hodson was then presented with a beautiful banjo clock and smokador as a token of the love and esteem with which he is regarded by his associates. He in turn presented, with individual tributes, veteran rings to eight of his fellow workers who had completed 5 years with Hodson Enterprises. There are 110 persons wearing these rings signifying from 5 to 25 years of service.

Santa Claus distributed gifts to everybody. This was followed by an entertainment program of songs, dances and a revue furnished by company talent. An orchestra provided music for dancing between the dinner courses. The 264 headquarters representatives of the affiliated Hodson companies had a very delightful time.

CHANGE OF ADDRESSES

In order that the mailing addresses of all members be kept up to date in the Secretary's office, we will be obliged if when any member changes his local address that the informatoin be sent at once to the Secretary so that any mail intended for the member will be sure to reach him. Moreover, unless this information is supplied the Secretary cannot keep an up to date directory of the members. If all of the members will look over the membership directory published on pages 6 to 21 in the 1927 Year Book, they will soon find whether the Secretary's office has their proper local address. Each member's coöperation in this matter will make it possible for us to supply accurate information to those who seek it.

OHIO

The Ohio Industrial Lenders Association will hold its annual meeting, January 19th, at the Deshler-Wallick Hotel in Columbus. There will be business sessions morning and afternoon and a luncheon and banquet. Among the speakers will be Francis L. Thompson, of Shelbyville, Ind., president of the American Industrial Lenders Association, and W. I. Rowland, attorney-examiner, division of securities, Ohio Department of Commerce.

WHO DO THE BORROWING

An investigation by the Women's Industrial and Educational Union of Boston shows that out of four thousand loans to industrial workers more than three thousand went to men. Most of the men were at ages when their earning power should have been greatest. Of the borrowers 70 per cent of the men and 23 per cent of the women were married. Illness was the chief reason for borrowing. Autos were owned by 36 per cent of the borrowers.

NOTICE RE CHANGES IN UNIFORM LAW

It will be satisfactory to me if a brief notice is published in the NEWS notifying all members who have any suggestion for the improvement or change of the Uniform Law, to send them into the Law Committee and that their suggestion must be definite and specific and supported by argument.

F. B. HUBACHEK, *for the Law Committee.*

The New Currency

AN ADDRESS BY FREAS B. SNYDER

Vice-President of the Mitten Bank of Philadelphia, at the Annual Meeting of the P. I. L. A., Philadelphia, Nov. 9, 1297

Mr. Chairman, Ladies and Gentlemen f the Association: Those of you who ere lucky enough to be in at the lunch- on this noon heard the first and best part f this serial story as presented to you y my anemic friend, Mr. Slats Wall. hose of you who are unlucky enough to e in this evening will I trust have the atience to hear the second and possibly ss interesting part, certainly less ably resented.

It is conceded to be good form in post-randial discussion to begin with the evolutionary War and by gradual stages ork down to the present day and up the climax simultaneously, if para-oxically. This effort then makes this oncession to convention, in that it starts ith 1776, for it was in that year that dam Smith, English economist, pub-shed his "Inquiry Into the Nature and auses of the Wealth of the Nations," classical treatise which enabled him to ender most of his predecessors obsolete, at is, he organized the existing frag-entary studies of national wealth into body of doctrine which became the oundation of the modern school of po-tical economy, that science which in-estigated the manner in which nations or ther larger or smaller communities and heir individual members obtained food, lothing, shelter and whatever else is con-idered desirable or necessary for the aintenance and improvement of the con-itions of life.

We can skip lightly over the works of Malthus, who is remembered chiefly for is theory of population, Ricardo and his heory of rent, Mayo and his apprehension inimum which originated the whole heory of a one reserve system of bank-ng, McCloud and his re-christening under he name of Grecion's Law of the prin-iples set forth as far back as Oresne nd Copernicius that bad money drives ut good.

Incidentally in these cases, skipping ver is a far easier task than wading hrough.

This brings us to John Stuart Mill, a ontemporary of some of the above uoted, who sought to produce in his Principles of Political Economy," with ome of their application to social phi-osophy, a work which might replace in rdinary use Adam Smith's "Wealth of Nations."

Now, having traveled by a long and levious route, we reach the important lestination of what John Stuart Mill had o say about retail credit, for by this time economists had classified credit in five different divisions, that is, public credit, he credit of governments and municipali-ies; funded credit or credit backed by he pledge of specific property; banking redit which is self-explanatory; com-mercial credit or credit created in the production and marketing of goods; and retail or consumers' credit.

The desirability and efficacy of all kinds of credit except the last was not only admitted but emphasized by Mr. Mill who was content to say, however, that retail credit was dangerous and ought to be handled with the greatest care, if used at all, and that about let retail credit out with him. Most economists since Mill have been quite content, in the words of the immortal King of Swat, to "Leave it lay" until it became the accepted view.

In another way of saying it, public credit is a capitalization of the taxing power; funded credit a capitalization of the anticipated economies of operation; banking credit a capitalization of the savings of a community; commercial credit a capitalization of earning capacity; and retail credit a capitalization of character.

Our business men have from time to time been accused of being economically ignorant, perhaps because they have been more interested in doing than in theorizing. The criticism is severe, but seems in a fair way to be overcome as generation after generation of intelligent men, trained for business, come forth from the classic shades of our colleges and universities, which but a short time ago recognized only three professions as needing educated neophytes.

But despite our economic ignorance, it is the business men who are working one of the greatest changes in the world's history by the utilization of retail or consumers' credit heretofore so despised by theorists. For that, gentlemen, is what you members of the Pennsylvania Industrial Lenders' Association are doing. You make it possible for an industrious man of good character to capitalize his earning power to meet the sudden emergency of the business depression which it is now recognized the individual must face, as well as organized business. That, too, is what the installment method of selling is doing in a somewhat different and not always in a safe and intelligent manner. That is, these two methods, together with some allied but less important ones, are creating a new currency, and there are those who hold that the possible economic result is only to be compared with those two epochal changes when money first replaced barter and later when credit was created to serve as money. No economic change of any importance ever takes place without considerable creaking and rumbling of the machinery, without sand in in the bearings and a racing and vibration of the prime mover which may threaten to shake the structure from its foundations.

While it is not within the memory of many of us here, it is easy to imagine that the increased use of bank checks, subsequent to the Civil War, brought grave misgivings and doleful head shakings to those then most concerned with our banking system. These must have warned of the possibility of forging signatures and raising amounts, of drawing checks when there was no balance to meet them, of the tangled legal questions which would follow and the substantial loss which business might incur. There were undoubtedly well-founded objections to the wide, general use of checks, but experience proved that the convenience, utility and even safety in avoiding the transfer of large sums of money over great distances, so outweighted the dangers and disadvantages that checks have become an essential part of our fiscal methods to an extent that is only just now being recognized and adopted by the older European nations. Checks are now an unofficial currency and until the Federal Reserve System began to function they were the only elastic currency.

So with this new currency which the handlers of retail credit are minting. It can be, has been and will be abused. The use of the installment method as a sales device instead of a method of settlement threatened to dislocate our industrial balance. It is unnecessary to tell in this company how many people have been tempted to buy beyond their needs by the specious argument of the small down-payment and "pay as you earn," until they are threatened with sinking into the morass of debt into which they have unwittingly foundered. You see this many times daily in your loan applications. Often you can discern how hopeless the situation has become with lost jobs and bankruptcy courts facing the thoughtless and improvident. How many you see took the other side of the picture where the home, life insurance protection, furniture and labor saving devices have been acquired gradually and in reasonable proportion and a better American home has resulted?

It is not without record that in our

Build Customer-Confidence While Speeding Service

Have a Meilicke Calculator on your desk while you talk to customers. It gives you an instant answer to any question about a loan's amount, duration and cost. Quick answers close customers while they're hot. Giving them all the same figures creates confidence. Saving yourself much figuring puts more productive work into your day.

Hundreds of Meilicke Calculators are in use in loan offices, they pay so well. Try one in your accounting department for thirty days. Then try to take it away; we'll give you your money back if you can. They'll insist on keeping it, and ask for more. You'll be glad to supply them when you hear the reasons they give. Write right now

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3462 N. Clark St. Chicago, Ill.

Meilicke
Time Saving Devices

own business people have been taught how easy it is to borrow. New desires have been aroused and gratified on borrowed money, and the thrift element has been passed by with little or no emphasis. Volume is essential to profit in small loan transactions and in the struggle to produce it is easy to forget that as lenders we have a duty to the borrower and to the community and that it is not always a kindness to lend a man the money he wants to borrow. We must impose not only the adequate credit safeguards, which include not alone security of principal but as well the ability to repay; but also we must particularly scrutinize the purpose of the loan.

The success of the new currency is largely in hands such as yours. It is for you to determine whether or not it is to be sound, secure and helpful.

BE YOUR OWN MONEY-LENDER

It Will Pay You from 10% to 480% Per Annum

Those who do not save money may be divided into two classes—first the class that simply has not the backbone and determination to eliminate extravagance and reckless spending from their lives. They mean well. They hope to save "something, sometime." But they never do! And there is very little to be done for such people. Inspiration and encouragement may get them started on the Road To Thrift, but will not keep them going.

There is also a second group of spend-thrifts—those who do not *believe in thrift,* conscientiously and sincerely think that thrift does not serve any purpose in their lives. When they need money, they say, they will get it somehow and in the meantime they will spend their income in the manner that best suits their taste. This type of person is not weak-willed; nor is he ignorant. The four or five per cent that his savings will earn, offers no incentive to save. It is a miserly return. He can spend his money to better advantage elsewhere and somehow "get by" when he needs ready cash.

That's the catch to this theory. Can you actually *get* money in a pinch *or do you just think that you can?* Are you familiar with the small loan market? Do you know the rates? Are you not a bit too optimistic about "getting by" when ready cash is needed in any emergency?

If so study the figures carefully in the tabulation published below. These are actual facts, prepared by an expert in the small loan field, and not guesses or theories. These are the rates that you can earn for yourself in addition to that "measly four or five percent" by saving money regularly and becoming your own money lender in times of stress or emergency.—*Reprinted from the December 3d, 1927, issue of The Magazine of Wall Street.*

LABOR AND THE "LOAN SHARK"

While the State Federation of Labor was debating yesterday a resolution calling upon the legislature to outlaw "loan sharks," we had before us an appeal from *The Magazine of Wall Street* calling upon borrowers to become savers.

The editor and the Labor Convention, it seems agreed only on one thing—that usury ought to be destroyed. Labor proposed to destroy it with a law; the financial journal suggested thrift.

Labor would make loan sharks who prey upon people in deep necessity, liable to a penitentiary sentence; Wall Street would remove the necessity.

Passing a law is the more popular way, but between catching law-violators and persuading people to save money, there is little to choose—if it is an easy task one is looking for.

The real solution of the loan shark evil lies somewhere between what Labor thinks and what Wall Street advocates. Arkansas needs a law making usury a felony, but it also needs enough thrifty citizens to cut down the ranks of the needy small borrowers so that the law can be enforced.

There is a world of evidence to be heard against the notorious loan shark. *The Magazine of Wall Street* gives just a little of it when it shows that his operations in 30 states return an average interest rate of 240 to 480 per cent. And there is an equal amount of evidence to show that outlawing him will have salutatory effects. Wall Street reports that where small loan companies have gone into 24 states under a regulatory law they have reduced the loan shark's preposterous interest rate to 36 to 42 per cent. Regulated pawnbrokers get an average annual rate of from 24 to 60 per

The Real Cost of Small Loans

A Compilation of Figures Prepared Specially for The Magazine of Wall Street by Rolf Nugent, Department of Remedial Loans, Russel Sage Foundation

Type of Lending Institution	*Usual Security*	*Extent of Operation*	*Approximate Annual Interest Rate*
Loan Sharks (Operating in defiance of usury laws)	Wage Assignments Chattel Mortgages (furniture, autos)	30 or more states 24 states without Uniform Small Loan Law	240–480% 180–300%
Unregulated Pawnbrokers (Operating in defiance of usury laws)	Jewelry and other pledges	22 states without regulatory laws	60%–up
Small Loan Companies (Operating under Uniform Small Loan Law)	Chattel Mortgages Wage Assignments	24 states having Uniform Small Loan Law	36–42%
Regulated Pawnbrokers (Operating under regulatory legislation)	Jewelry and other pledges	26 states	24–60%
Second Mortgage Companies and Private Second Mortgage Lenders (Operating for most part without legal sanction)	Second and Third Real Estate Mortgages	All states	15–60%
Industrial Banks (Loan and investment companies, "Morris Plan," etc.)	Co-Makers, Second Mortgages Investment Securities	Under special legislation in 23 states (1927) and in several other states without enabling legislation	17–35% 13–24%
Remedial Loan Societies (semi-philanthropic) (Provident Loan Society, New York, Workingmen's Loan Association, Boston, etc.)	Jewelry, Chattel Mortgages, etc.	28 societies in 18 states	12–30%
"Axias" (Racial loan associations, operating without legal sanction)	Co-Makers	Large industrial communities	12–30%
Credit Unions (Coöperative loan and thrift societies)	Co-Makers, Second Mortgages, Other Security	27 states with credit union laws	7–15%
Building and Loan Associations (Coöperative)	Real Estate Mortgages	All states	6–13%
Banks	Investment Securities, First Mortgages	All states	6–10%

cent—a fraction of what the unlicensed loan shark collects!

There is plenty of evidence to show the need of a law, but the selfsame evidence proves also that it will take more than a law to catch all of the loan sharks. Wall Street, classifying all the different kind of loan institutions, from a loan shark on down to a national bank, discovers this significant fact:

Interest rates automatically divide at 13 per cent, with real estate and investment securities below the line, and everything else above it—ranging on up to 400 per cent and more.

That is a hint to the wise. Comparatively few people own real estate and stocks and bonds, and so only a few are able to borrow money at less than 13 per cent. The rest, because they aren't "legitimate" borrowers, must pay what is asked.

There are two solutions to the problem of the small borrower, but one is for the state and the other for the individual. It is the state's duty to limit interest rates to the true proportion of the lender's risk. If you haven't property or savings, and want to borrow money, you may expect to pay 36 to 60 per cent. That is the best the state can do for you.

But it is the individual's duty and sooner or later to cut himself into the class that can borrow along with the best of "the few." All he needs is a little real estate, or just a few good stocks and bonds. If you have that, and want to borrow money, you may expect to pay 6 to 13 per cent. And that is the very least any self-respecting citizen can do for himself.—*Eldorado (Arkansas) News.*

VEST POCKET LOAN CASE ON

Warrant Out for Ex-D. S. R. Man Accused of Charging Illegal Interest Rate

Detroit, Dec. 20.—A warrant charging John J. Zapawa, 9026 Thaddeus Avenue, until Friday a conductor on the Fort Street D. S. R. line, with violating the Small Loans Act by conducting a "vest pocket loan organization" among fellow employes, whom he charged an alleged illegal rate of interest, was signed Saturday by Judge Christopher E. Stein, of the Recorder's Court, on recommendation of Frank B. Ferguson, assistant prosecuting attorney.

The complainant is James Jump, 627 Crawford Avenue South, another D. S. R. employe, who said he has paid $134 for an original loan of $37.

Del A. Smith, general manager of the D. S. R., who several weeks ago warned employes that those engaged in making loans would be discharged, dismissed Zapawa from the service Friday. The discharge of other employes and their prosecution is expected.

The Interest Mounts

Jump said he borrowed $37 from Zapawa on Dec. 15, 1924. He agreed to pay it back with 5 per cent interest every pay day, which meant 10 per cent a month.

Unable to pay all at one time, the interest kept mounting. When he was unable to pay the interest, Zapawa, according to Jump, added it to the principal and then charged interest on the whole, which was compounding an illegal rate of interest, the legal rate being 3½ per cent a month.

Early this year Jump decided he had paid enough, but Zapawa, who claimed $62 was still due him, started suit in the justice court. Justice of the Peace, Jesse L. Drake last week threw the case out of court.

Jump said other employes on the Fort line, who have borrowed from Zapawa, asked him to go to the Better Business Bureau about the matter. Bradford S. Kempton, attorney for the bureau, then began an investigation and said today he found there are at least a dozen D. S. R. motormen and conductors operating the "vest pocket" loan offices.

Had No Licenses

One D. S. R. employe on the Woodward lines has at least 1,100 accounts, and Zapawa had at least 500, Mr. Kempton said. Mr. Kempton laid the information before Mr. Smith and said he would seek warrants if victims will agree to enter complaints.

The State Banking Act requires that licenses be obtained by persons or agencies desiring to make loans under $300. No such licenses were obtained by the offending motormen and conductors, Mr. Ferguson said.

The violation charged against Zapawa is a high misdemeanor, with a penalty of $500 fine or six months to a year's imprisonment, or both.

Zapawa was to be served with the warrant today.

USURY LOAN JUDGMENT UPHELD BY HIGH COURT; COLLECTION ENJOINED

The Georgia Supreme Court Thursday affirmed a judgment secured in the Fulton Superior Court by L. L. Ewing, an employee of the Georgia Power Company, against the Federal Investment Company, in which the complaint was based on an alleged usurious rate of interest on a loan.

According to the petition in the case, Ewing borrowed $38 from the company and assigned his salary to secure the loan. He alleged that the company collected $54 on the loan, and that the interest rate approximated 75 per cent. The company came back with a counterclaim for the amount of the note.

Judge E. E. Pomeroy, in Fulton Superior Court, enjoined the company from collecting any further amounts on the

DO YOU UNDERSTAND THE ECONOMICS OF INDUSTRIAL LOANS?

Do you know that the new Industrial Loans Business came into existence purely by legislation?

Do you know what are the fundamental problems of such legislation?

Do you know why some states have maximums of 3% per month and others 3½%?

Do you know that whereas there are 2,200 industrial loan offices in the United States today, there were none at all in 1913?

In Bible times no one was allowed to collect any interest at all. Do you know why?

Do you know that the 36 or 42 per cent annual loan charge as allowed by the Uniform Small Loan Law, is mostly not interest at all? Do you know what it is?

ALL THESE QUESTIONS ARE ANSWERED IN

USURY AND USURY LAWS

By Franklin W. Ryan, Ph.D.,

who was for three years a member of the faculty of the Harvard Business School.

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claim, and gave Ewing a judgment for the costs in the case. The Supreme Court upheld this judgment, pointing out that it was not denied that the $64 had been collected.—*Atlanta Journal, Dec. 23, 1927.*

AN APPRECIATIVE LETTER

HUNTINGDON, W. VA., DEC. 7, 1927
The Capitol Loan Company,
22 East Gay Street,
Columbus, Ohio.

Gentlemen:

We are very pleased to have the —— account collected. We feel that you have had a very hard time collecting this account and offer ourselves ready to help you at any time on any account. If your skip should come this way do not forget that we are anxious to do your collecting.

Thanking you for your favors, we are
Yours very truly,
CITY FINANCE COMPANY.

MOST NOVEL EXCUSE

1040 ALWAYS LATE ROAD,
COLUMBUS, OHIO, DEC. 12, 1927.
The Capitol Loan Co.

Dear Sirs:

Sorry but could not get this payment to you sooner, and when I wrote you last week to tell you to please extend my time a couple days that storm and cold wave arrived and froze my letter fast to the mail box so the carrier tore it trying to get it out of the box, then left it.

Am sending you payment on Loan. Hoping this will be satisfactory and thanking you for your kindness, I am
Yours as ever
GOOD CUSTOMER.

MARYLAND

The regular monthly meeting of the Maryland Industrial Lenders Association was held in the Board Room, 22 Light Street, Tuesday evening, November 22nd

In the absence of our chairman due to sickness, the meeting was called to order by the Vice-Chairman, J. E. Turner.

Roll Call—There were 53 present at this meeting representing 19 companies.

REPORTS

Treasurer—Mr. Baseman reported a balance of $508.24 in the treasury. Mr Baseman also reported that the Banquet held in October went over the top financially, with all bills paid and a balance left over of $45. Our Entertainment Committee is certainly to be congratulated.

Publicity—Mr. Holden reported 107 lines of publicity in the daily papers in Maryland.

Law—Mr. Bryant has nothing new to report at this meeting except that the Constitution and By-Laws have been completed.

UNFINISHED BUSINESS

It was regularly moved and seconded that the resignation of the Victory Finance Company and the Standard Finance Company be accepted.

NEW BUSINESS

All new business was put to one side so that we could devote our full attention to the address of Allen S. Bowie, Attorney, for the Baltimore & Ohio Railroad Company, relative to the Evil of Salary Loans.

After Mr. Bowie's address there being no further business to come before the Association, it was regularly moved and seconded that we adjourn until next meeting which will be held in January.

E. M. GARREN, *Secretary.*

WAGE-EARNER BANKRUPTCIES LAID TO SALARY-GRABBERS AND OVERBUYING ON CREDIT

Walter J. Grant, Veteran Referee in Illinois, Explains 200 Per Cent Increase in Failures Since 1922

"Salary-grabbing and overbuying on the installment plan," are largely responsible for the steady increase in bankruptcies among the wage-earners, says Walter J. Grant, who has had 29 years experience with bankruptcy cases as a lawyer and a referee in bankruptcy.

Grant is Referee in Bankruptcy for the Eastern Illinois Judicial District, which comprise 45 counties in southern and eastern Illinois, including part of the East Side industrial district.

"Through the so-called Central West District, including Illinois, there has been more than a 50 per cent increase in the last four years in the number of bankruptcy cases filed; this in spite of the fact that during the same period fewer mercantile failures have been reported." Grant told a *Post-Dispatch* reporter at East St. Louis.

Causes of the Increase—"The increase of failures necessarily came in the main from farmers and wage earners. Unusual deflation and depression from war-time prices of farm lands and products, affecting the tenant as well as the owner of war-time priced land, are causes sufficient to account for the large increase in cases of this class.

"But we must look for other causes to account for the increase of the wage earners, whose pay check is nearly double any remuneration received prior to 1917, and who, generally speaking, have had steady employment for a long, prosperous period (excepting the coal miner). Yet from this class petitions seeking relief in bankruptcy have increased from 100 a year, up to 1922, to 360 in 1926.

"There is a bootlegging loan business thriving in some of the industrial centers of Illinois that is a real menace to legitimate business, and the poor wage earner that is caught in its clutches finds himself in desperate straits, for his position is usually sacrificed by the insistent and greedy demands of the so-called salary buyer.

"This financial snake seems to be amenable to no law of God or man. He violates no prohibition of usury for he charges no interest. He seemingly is immune from criminal prosecution, for he procures a legal and enforceable contract. His mode of operation is to buy the future salary of the victim by assignment. In the first transaction with the victim his discount is reasonable and fair, but from month to month he bites deeper and deeper until the victims is begging for a small part of his own salary to keep his own body in actual necessaries. This practice has taken quite a hold in the business at East St. Louis."

"Salary grabbers" charge a "discount" of from 4 to 80 per cent a month; state licensed loan companies charge interest of 3½ per cent a month, Grant said.

Overbuying on Installment Plan.—In discussing overbuying of the installment plan, Grant mentioned as typical a bankruptcy petition filed by a $140-a-month railroad clerk. The petition listed 22 creditors with claims of $1,400. He had run up a big bill with his grocer and, when sued, sought credit from two other grocers. He owed two months' rent on his flat. He listed as "worthless" an automobile for which he was paying garage rent. His flat was well furnished—radio, victrola, iceless refrigerator, etc.,—bought "on time" from six different stores.

"Not a substantial piece of furniture in his flat can be held by that man as against those six installment houses listed," remarked Grant. "They hold what we call a Conditional Sales Contract or Title Reserved in the Vendor, until the last installment has been paid.

"He doesn't own a solitary thing of value but his wife and three-year-old child. He has been oversold by easy credit—the installments to the six furniture houses, payable every two weeks, absorbed every dollar of his salary over and above his rent; the grocer, milk man, dry goods merchant and doctor have to wait; no cash left to make any payment on account.

"While this case is typical, it is mild, as to the extent of easy buying. Most schedule contracts for jewelry, women's apparel, hardware, men's clothing, baby carriages, all reduced to debtor's possession on a very small down payment, but the balance in endless, pitiless amounts.

The licensed money lender, as distinguished from the "salary buyer," is not as a rule a contributor to bankruptcies, according to Grant.—*Post-Dispatch, St. Louis, Mo.*

"SNAKE-LIKE" USURY HIT BY LICKLEY

City Prosecutor E. J. Lickley's bitter warfare against Los Angeles' usurers bore fruit to-day in a filing with the State Supreme Court of the most sensational expose of conscienceless money-lenders ever made before that tribunal.

In a brief replying to A. H. Seccombe, local money-lender, and urging the court to authorize the use of the injunction weapon against usury, the city prosecutor tore the Shylock "profession" to shreds.

The brief was signed by Lickley and his deputies, Ford M. Jack and Vernon S. Gray. It was filed in an appeal from a recent judgment by Superior Judge Ruben S. Schmidt, who refused to grant an injunction against Seccombe and his alleged usurious practices.

The city prosecutor argues that the court had the right to enjoin usurers in the protection of the "property rights" of the people.

In defending the propriety of the injunction in the Seccombe case he says that "the effects of usury and excessive interest may be inferred from the fact that usury has been prohibited in all ages and in all parts of the world."—*Los Angeles Record, Nov. 21, 1927.*

"PUBLIC SENTIMENT is everything. With public sentiment nothing can fail; without it, nothing can succeed. Consequently he who molds public sentiment goes deeper than he who enacts statutes or pronounces decisions. He makes statutes and decisions possible or impossible to be executed."—ABRAHAM LINCOLN in first joint debate at Ottawa Ill., with Stephen A. Douglas, August 21, 1858.

INNESOTA STATE BAR ASSOCIATION 1927—REPORT OF COMMITTEE ON CHATTEL LOANS

The Committee on Chattel Loans respectfully submits the following report:

During the session of the Legislature held in 1927 a bill, H. F. No. 63, was presented to the Legislature covering interest rates on small loans and providing penalties for a violation thereof. A great deal of debate was had in the House on this proposed bill. A public hearing was held before a joint committee of the House and Senate at which proponents and opponents of the proposed law were heard. The bill was recommended by the Joint Committee for passage but went down to defeat. At the hearing above referred to those who were opposed to the passage of the act admitted that interest rates on small loans were being charged from 180% to 200%, and it was suggested by some that in isolated instances rates ran as high as 1,800% a year based on short time payments.

The Legal Aid Society of Minneapolis submitted a report showing that interest rates on short time loans were being charged at from 8% per month to 33 1-3% per month. It is estimated by Mr. Kjorlug, former attorney for the Legal Aid Society of Minneapolis, that during a period of seven years approximately 1,000 cases came to the attention of the Legal Aid Society where excessive rates of interest were charged. The condition is not peculiar to Minnesota only. In 28 states legislation has been passed, the purpose of which was the protection of small borrowers from excessive interest charges. Twenty-one states have passed the uniform small loans bill in practically the form that was presented to the 1927 session of the Minnesota Legislature, a copy of this bill is appended hereto as a part of this report.

No attempt has been made to investigate conditions in cities other than Minneapolis but from the discussions before the Legislative Committee above referred to, it is very evident that conditions in St. Paul are not different from those existing in Minneapolis. The uniform small loans bill went down to defeat primarily because of the objection of country members. Fear was expressed by the country members that if the bill were passed loan agencies would be established in country districts and would be, by the operation of this bill, permitted to charge the farmers and others interest at 3½% per month on monthly balances. It would appear that in states where the bill has been in operation no attempt has been made to have it operate in country districts and no instances were suggested at the hearing before the legislature where any attempt was made to operate loaning agencies under the provisions of this bill in other than the larger cities.

A legislative committee has been appointed from the House to study the subject and will report to the next session of the Legislature with recommendations. The members of this committee are as follows: Mrs. Mabeth Paige, chairman; Guy Dille of St. Paul, Ray Quinlivan of St. Cloud, Otto Nellermoe, Minneapolis, and Gustav Schweizer of St. Paul.

Your Committee recommends the adoption of the uniform small loan bill attached. We recommend, however, that no action be taken on the bill at the July, 1927, meeting of this Association. That the members of the Association study it and that it be brought up for consideration at the annual meeting to be held in 1928 for discussion and favorable action.

Respectfully submitted,

DANIEL F. FOLEY, *Chairman*,
JOSEPH R. KINGMAN,
HOVEY HOSLAW,
CHARLES N. ORR.

PENNSYLVANIA

The first regional meeting of our Association to take place in 1928, will be held in Pittsburgh, on January 18th, at the William Penn Hotel, starting promptly at 10 A. M.

The Pittsburgh Committee handling this affair have, as usual, secured some excellent speakers to address us who are as follows:

A. V. Snell, Secretary and Manager of the Pittsburgh Chamber of Commerce, who will speak on "Community Service," at luncheon.

Mr. K. S. Fry, Manager of the Community Finance Service, and Mr. E. L. Shultz, Manager of the Household Finance Corp., will read interesting papers at the afternoon meeting.

For the Banquet in the evening they have secured Mr. J. S. Thompson, humorist of Pittsburgh, and Mr. William Rainey Bennett, one of the outstanding orators of the day, who will speak on "The Man Who Can."

The Committee handling this meeting are exerting every effort to insure a splendid meeting, and would particularly like to see a large attendance.

In the past, not many members from the East have attended the Pittsburgh meeting, and they cordially invite everyone to make the journey, and assure us that we will be well repaid.

Let us make this a large meeting and send in the enclosed reservation card to Mr. Thale as quickly as possible. Tickets for the luncheon are $2.00 and for the Banquet $4.00.

W. S. HERRON, *Secretary*.

MARYLAND

The regular monthly meeting of the M. I. L. A. will be held in the Board Room, 22 Light Street, Wednesday evening, January 11th, at 8 P. M.

This will be our first meeting after our holiday recess, so kindly arrange to attend.

If you are one of those who are in arrears in their dues, I would suggest that you mail a check to the Secretary at once, as this matter will come before the meeting.

E. M. GARREN, *Secretary*.

ADDRESSES WANTED

Oscar C. Collins, Chiropractic Doctor, age about 40, height about 6 ft., 2 in., weight about 240 lbs., usually wears a cap. If located please notify E. E. Chenoweth Manager Portland Service Co., Portland, Ind.

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MEETING SCHEDULE

MARYLAND—Baltimore, January 11.

PENNSYLVANIA—Pittsburgh, January 18.

OHIO—Columbus, January 19.

RHODE ISLAND—Providence, January 19.

ILLINOIS—Chicago, January 26.

VIRGINIA—Richmond, January 26.

CONNECTICUT—New Haven, January.

WEST VIRGINIA—Charleston, February 23.

MICHIGAN—Lansing, April 19.

INDIANA—Indianapolis, May 16 and 17.

MICHIGAN — National Convention, Grand Rapids, September, 19, 20, 21.

The above meeting schedule is made up from information for the most part supplied by State Association Secretaries and is supposed to be reliable. However, one prominent member advises us that he went out of his way considerably last month to attend a meeting in a certain state and arranged to be there at the time the meeting was scheduled in the NEWS but when he reached the city he was informed that the meeting had occurred the week before that time. Apparently the State Association officers in which this matter took place agreed among themselves on a change of date but evidently forgot or overlooked the matter of notifying the editor of the NEWS.

Assuming that each State Association desires to have its meetings as well attended as possible and particularly by out of state members, it is imperative that the officers give the editor better coöperation if the Meeting Schedule is to mean anything to the members as a whole. It is obvious that if the date and place of any State Association meeting is to be published in the Meeting Schedule of the NEWS, it should reach the editor on or before the last day of the month preceding the meeting and any change in the date of the meeting thereafter by the officers of the State Associations will be fatal so far as out of the state members are concerned, because the information cannot be used in the NEWS in time to be of any value. If the date and place of the meeting is changed during any month and the information reaches the editor by the last day of the month preceding the month in which the meeting is to be held, no harm will be done but to change the date and place of the meeting and not notify the editor means that he cannot make up a Meeting Schedule that will be accurate and dependable and one that is not that kind, is worse than none at all. A little more coöperation, please.

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You are a loan man, learning the game by the slow trial-and-error method of personal experience. You are not trained as you could be. And you know it. So does your family and your friends. Perhaps a year ago you had resolved to secure that knowledge, that bit of Experience Plus which would bring you more money and a quicker promotion.

But you put it off—and the locusts have eaten another year of your life.

The 1928 Model
You (?)

A man—an American living in the American Scene, planning, acting, doing. A man of action and decision!

By training himself daily in his work, studying the experience of others in addition to his own, he has made himself a Comer in his firm. He is You!

You have the qualities for a successful loan man. Why waste years of your life developing them? Study what others have struggled years to learn! Make Mr. Loan Manager or Mr. Owner think of *you!*

You are facing a New Year—make your decision now! A bigger field with bigger opportunity faces you. But also, bigger competition. Be prepared!

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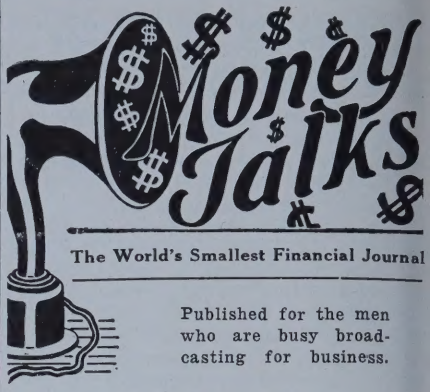

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Happy New Year!

Reviewing our accomplishments during the year of Nineteen Hundred and Twenty-seven we note with great satisfaction the number of Industrial Lenders whom we have assisted to prosper and to grow.

Our high ideals of service urge us constantly onward in our search for newer ideas which will tend to give the public a bigger and broader conception of the service that our clients render and the principles by which they are governed.

It will be a pleasure for us indeed to be invited by any Industrial Lender to show him the way to increasing prosperity built upon sound fundamentals of advertising, so that when Nineteen Hundred and Twenty-eight draws to a close, he, too will have enjoyed a

Happy New Year!

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UNIVERSITY OF ILLINOIS

Usurious Credit Charges Bleed American Workers

Salary Buyers and Loan Sharks of Every Description Fatten on the Mortgaged Wages of Necessitous Borrowers—Can the Banks Provide a Remedy?

By Henry Fitzwilliam Woods

Reprinted by permission from the Industrial Digest for January 1928.

With something like 24,000 banks in e United States affording credit to bor-wers to the extent of billions of dollars arly, it would seem that not much more uld reasonably be asked of our banking stem. Insofar as the banks serve to iance those who have a claim on them r credit, indeed no more could be asked. et it has been estimated that only about per cent of the adult population of is country are bank depositors, and that this number only about ten per cent e so fortunately situated so as to be le to command bank credit. What of e remaining 90 per cent? Credit has en called the daily bread of financial e. Are the 90 per cent, or any con-derable part of them, credit-starved? The case is not, of course, as extreme that. In the midst of so great a store money wealth as bounds in the nation could not very well be that so great a ultitude in need of credit would be de-ed it, and they are not. There never as a period in commercial history when oods were made available to all con-mers on terms so liberal. The wide-read prevalence of instalment credit is notable phase of present day retail erchandising, promoted by the American andard of living and, in turn, promoting

This form of credit, however, does ot supply the demand for necessitous ans, for which money in abundance is deed available, but in many cases on ch terms that the borrower accepting finds his last state worse than his first. How to supply this form of credit—the or man's bank credit is an age-old oblem, which heretofore has not en-ged the attention in this country of any nsiderable number of the leaders in iance and business. A great deal has en accomplished toward a solution of e problem, notably in the last decade d mainly through the investigation and fort of a comparatively few students social welfare. In their work, how-er, they have been singularly alone so r as Big Business has been concerned. et there is no interest nearer to the oblem than business, for the proper iancing of small borrowers who con-tute the great mass of the consuming blic is of enormous potential benefit to business.

Among the 90 per cent who cannot borrow from banks those whose needs are so immediate and impelling that they must obtain financing from any source and on any terms have two recourses, charity or a small loan. The first may be dismissed from consideration, since it concerns doles rather than credit, and the great mass of necessitous borrowers scorn charity and possess some asset, either of character, earning power, or property, that entitles them to credit accommodation of some sort. Hence their recourse must be to persons or concerns engaged in the business of financing those who are without the pale of bank credit.

The number of those engaged in this business is legion, but they fall into two classes: those who operate within the law, and the bootleggers of credit. In the first category are industrial lenders, individuals or firms; industrial banking companies, including Morris Plan companies; credit unions; remedial loan societies; automobile financing companies; pawn brokers; and a comparatively few banks. In the class of credit bootleggers are the salary buyers, the chattel loan sharks, the pseudo Morris Plan banks, the "gyp" automobile lenders, and the real Shylock pawnbrokers.

It has been privately estimated that the total of money loaned in amounts of $300 or less by all the agencies enumerated above is not under a billion and a half dollars a year. This figure probably leans to the side of conservatism, for as Mr. Leon Henderson, Director of the Department of Remedial Loans of the Russell Sage Foundation, points out, the combined loans of but three of the legitimate agencies in New York City totalled more than one hundred million dollars last year. Mr. Henderson allocates these loans as follows: Credit Unions, $20,000,000; The Provident Loan Society, $40,000,000; The Morris Plan Company of New York City, $43,000,000.

Although Morris Plan companies are sometimes included in the classification of industrial lenders, they do not confine their credit provision to small loans. The term as legally defined means a loan in the amount of $300 or less. These companies make loans up to $5,000, but what proportion of their total is outside the small loan class it is not possible to state. However, it may be accepted as fact that the greatest single agency in the financing of necessitous borrowers are the industrial lenders who confine their loans to amounts of $300 or less.

In numbers, capital employed, volume of loans made, number of borrowers served and geographical diffusion of operations, the industrial lenders who limit their operations to small loans probably lead all the various agencies that are financing necessitous borrowers under supervision of the laws regulating the business. They represent the more humane era in industrial lending that has been consequent to the revulsion of feeling occasioned by the extortionate methods and callous oppression of borrowers employed by the oldtime loan sharks who flourished —and in the cities of 24 states still operate unchecked—in the atmosphere of indifference to the plight of the necessitous borrower, unredressed either by the law or a powerful public opinion.

The advent of the industrial lender who is the antithesis of the chattel and wage loan sharks, was made possible by the adoption of a law drafted by the Russell Sage Foundation as a remedy for the social menace of the extortionate lender. The outcome of the Foundation's investigations, which extended over a period of years, was the formulation in 1916 of the Uniform Small Loan Law which, in principle, is in effect in twenty-four states. At the heart of the law is recognition that credit is a necessity of needy persons, that this demand should be supplied through private enterprise rather than by philanthropy, and that both borrower and lender should have the protection of the law in their transactions.

The law licenses lenders, fixes the maximum amount they may loan to any one borrower, the rate of interest that may be charged and, in general, exercises that supervision over the business which theretofore was wholly lacking. Its prohibitions include all the stock tricks and devices used by loan sharks to fleece their victims and keep them in their toils, such as the fees, disguised purchases, concealed discounts and many other means employed to exploit borrowers.

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Operating Statistics

Leon Henderson, of the Russell Sage Foundation, reports that there are 2,000 licensed small loan companies, usually known as "industrial loan companies," in more than 400 cities of the twenty-four regulated states; that approximately $125,000,000 working capital is available for borrowers of sums of $300 or less, the volume of business transacted being estimated at $180,000,000 annually, with the average loan slightly in excess of $110. The average loan in Virginia in 1926, for example, was $78. About 400 of the total number of licensed companies are owned by chain organizations, having offices in all the principal cities in the states, where the business is under the supervision of the authorities.

The foregoing has considered the operation of industrial lenders only whose loans are in sums of $300 or less. An important branch of the small loan business, however, is made up of Morris Plan companies which, in addition to making small loans, lend also in amounts larger than $300. Their methods and rates of interest are different than those of the lenders who make small loans exclusively. The Morris Plan companies require two co-makers of a loan, upon which interest of six per cent per annum is charged. As a matter of fact, in practice the interest charge works out considerably higher than six per cent, for when the discount rate, investigation and other fees and fines are added, it will be found that the borrower is paying about twenty per cent per annum for the accommodation. Furthermore, if the loan is renewed the entire machinery of procedure followed in making the original loan is repeated.

The Morris Plan companies number 117, some of which do no loan business, with aggregate resources of $160,000,000. Unquestionably, the plan has contributed very materially toward solving the question of providing credit for the masses, and these companies supply an indispensable service for the borrower who is in the intermediate class of those who cannot borrow from banks and do not wish to pay the higher charges for loans that are made by the industrial lenders. Valuable and serviceable as the plan is it is not of course ideal and it is obvious that it is amenable to improvement. Especially is this true of the co-maker feature of the plan, as will be attested by the hundreds of suits filed in the courts of New York City in recourses to them for payment of loans upon which the principal has defaulted.

Credit Union Plan

Third among the principal agencies that are supplying credit to the borrower who cannot obtain a loan from a bank are the credit unions, which are the nearest approach in this country to the credit banks, or industrial banks, of Europe. Credit unions, which are now authorized by the laws of twenty-seven states, are mutual associations. Loans are confined to members, who are also shareholders, and the usual practice is to require co-makers. The loans may be repaid in instalments and the customary interest rate is 12 per similar to that of building and loan asloan associations operating on a plan cent per annum. An estimate by Rolf Nugent, of the Russell Sage Foundation, puts the number of these unions in this country at 558, with assets of $30,000,000 and loans of $40,000,000 made in the yea ended January 1, 1927.

The assets of the 116 credit unions i the state of New York alone aggregate $12,500,000, according to the report o the Superintendent of Banks, and thei combined loans for the year ended Janu ary 1, 1927, were $20,000,000. The vo ume of business done by the New Yor credit unions increased 24 per cent i 1924 over 1923, and 15 per cent in 192 over 1924, according to further statisti compiled by the Foundation. The cred union idea appeals especially to the work ers in industrial groups and corporation and the report of the Superintendent Banks of New York for the year ende January 1, 1927, shows a total membe ship of 68,996 holding 1,544,000 share of whom 41,655, or 60.4 per cent, we borrowers, and of whom 6,041, or 8.8 p cent, were depositors in an aggrega amount of $524,988.35. A recent bullet of the Postmaster General of the Unit States reported eighty-three post offi credit unions operating, with 16,000 me bers, assets of $1,000,000, and total loa of $3,000,000 for the year ended Octob 1, 1927.

Usury Still Flourishes

Of the four recourses available to t necessitous borrower of money on eq table terms as against the oppressive e actions of loan sharks, perhaps the servi of the industrial lender provide the gre est immediate relief, because he is under the necessity of getting indors and can obtain a loan quickly on n fluid security, or none at all, at an inter rate that, although higher than that industrial bankers, is much less t that exacted by the different classes usurious lenders. Unfortunately, ho ever, the field of activities of indust lending is limited to the twenty-f states in which the Uniform Small L Law is in effect, for in every state wh the business is not licensed the world- practice of usury flourishes in a deg greater than at any time in history.

There can be no relief for the ne sitous borrower in half the states of Union until laws are enacted provi for small loan credit on equitable te in the opinion of those who have stu the question and are working for emancipation of the necessitous borro from oppressive lenders. The fact in the other half of the states the "hath brought down the rate of usa is of no benefit to those in unregul territory, for the loan shark operate the latter states unopposed by competi of low rate lenders. Furthermore lender who thrives on usury is of mentality that exalts opportunism, lieving that it is business acumen of highest sort to "get his while the get is good." Almost daily reports reach Henderson indicating that this clas lenders is charging interest rates of f 240 to 360 per cent a year in Omaha, Francisco, Denver, Dallas, Seattle, buquerque and St. Paul, outstan centers of usury.

Rail Workers Victims

The special victims of the salary ers are railroad workers, although terly all classes of industrial wo are being preyed upon, and it is estim that the salary buyers have in their or had recently, 100,000 railroad ployes in 1,000 railroad centers, exa

rom them tolls of from 24 per cent to 000 per cent a year in interest. There re 350 known individual salary buy- ıg concerns in the country, each handling rom 400 to 1,000 accounts. Salary buy- ıg is an old-established institution in ıe South, where its practitioners waxed ich off the negro laborers, railroad orkers and, in fact, any and all im- rovident or unfortunate persons who ad jobs, but nothing else. The head- uarters of the system are in Atlanta, eorgia, from whence the Big Four, ho dominate the field, direct the opera- ons of their chain of offices throughout ıe country. Their operations have be- ome so bold and outrageous that the ormant consciences of many communi- es in which they have bled victims by ıe thousands have been aroused to ac- on to extirpate them.

Salary buying is an evasion so gauzy ıat it could deceive no one except the holly unsophisticated or the person ndered too desperate by the urgency f his need to scrutinize the means of is relief. Although its methods are oaked with the forms and terms of an ıtright sale transaction, it is neverthe- ss a loan, with the difference that it is ade only to those who have salaries wages already earned and due them. hat is all that the salary buyer requires know of the prospective borrower. he way is then made easy, too easy, r the victim. There is no investigation, waiting, no "red tape." The applicant gns both parts of a perforated sheet, ıe first part bearing the heading, "Ap- ication to sell account for wages or lary." The other part of the sheet is standard bill of sale, on the bottom of hich the borrower must write, "This a sale, not a loan." The salary buyer ves no receipts and allows no witnesses his transactions.

Renewals Yield Profits

Of course the salary buyer is better eased when the full amount of the an can not be paid when due, for the heme and profits of salary buying de- nd wholly on renewals. If the bor- wer should pay the full amount when ıe the lender is always careful to ask m how much of his earned time he vishes to sell today." When, as in most stances, the full amount cannot be id, the lender seeks to give the appear- ıce of a completed transaction by in- sting that the full amount pass over e counter. It is then returned, less the scount, to the borrower and the nib- ing process of repeated renewals is ıder way.

If the borrower does not have enough sh to accomplish the temporary dis- ıarge of his obligation preliminary to newal, the lender, as a concession to old customer, will be satisfied with e discount in cash and a new applica- on and bill of sale. The ten per cent scount charge is a flat rate that ap- ies regardless of the number of days apsing until delivery of salary or ages. If a borrower gives a bill of sale the fourteenth of the month for wages ıe on the fifteenth, on the latter date must pay the amount of his loan and e discount of ten per cent. This is terest at the rate of 3,650 per cent per num. The rate is never less than 240 r cent per annum, and more often gher.

To anyone who realizes the proved need of credit for the masses, the facilities at present existing and the prices at which it is obtained, the obvious question occurs, "Why cannot the banks with their practically unlimited resources provide this credit, as they are providing it for their borrowers who have collateral to offer as security?"

Bank Rate Too Low

The answers vary in their phrasing but they all lead to the same conclusion: that the banks cannot profitably make such loans at the legal rate of six per cent. Mr. Henderson, whose work with the Russell Sage Foundation has made him a student of every phase of the problem, answers:

"Many state and national banks have installed 'personal loan' departments, and the mutual savings banks of Massachusetts are reported to be making loans on a similar, though somewhat abridged, plan. Borrowers of small sums who can offer co-makers for their loans constitute an ever-widening stream, and even cautious bankers are predicting that personal loan business will be departmentalized under banking management. But banks are usually limited by rigid state usury laws to a six per cent interest rate for loans of whatever kind, and it is impossible to make small loans at this rate a profit. When banks have made such loans they have had to evade or avoid the usury laws, and the real cost to the borrower in such cases is from fifteen to twenty-five per cent interest.

"There is no law-proof way for the banks to make small unsecured loans at extra-banking rates and, despite the highly worthy purpose of the banks in making personal loans at any other than the legal rate, the question of legal, not moral, usury is perilously near. There is a crying need for making the vast funds of the public on deposit in banks available to depositors who cannot put up collateral for loans, and I should say that the solution of the problem of how to do it is worthy of the thought of the best minds in banking."

To the question: "Why cannot banks make unsecured or chattel loans in amounts not in excess of $300 to any one borrower and repayable in ten or more monthly instalments?" Francis H. Sisson, vice-president of the Guaranty Trust Company of New York, answered:

"It would not be possible, or good banking policy, for our regular banking institutions to engage in such business. Even if banks were disposed to undertake the risk implied in an unsecured loan, they cannot do so because the money they lend is not their own but that of depositors, and their first duty is to them. The element of risk in loans of this character is too great to justify any bank in putting any part of these funds to this hazard. Nor would loans of this kind be approved by any of the four checking activities that are constantly exercised upon a bank's operations—those of its directors, of the clearing house, the state bank examiners, and the Federal Reserve Bank. Furthermore, the expense and risk entailed in such loans would tend to make the business unprofitable for the banks, even if they desired to establish departments for loans of this class. This sort of business can only be done out of private capital in institutions financed and organized for that purpose."

This seems to epitomize the general opinion of bankers concerning the feasibility or advisability of any such service by banks. As stated by Mr. Sisson, the obstacle in the way of a bank service of this nature has two phases: It would be contrary to banking policy, and it would be unprofitable. On the latter phase, the opinion of bankers, summarized, is:—

Unprofitable Business

Loans of this class cannot be made profitably by banks. Wherever such a loan is now made by a bank it is in the

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nature of a service which, of itself, does not represent a profit to the bank. Competition in banking today is so keen that the individual banks already are obliged to render much gratuitous service, and the costs of operation are now so great that it would not be profitable for them, at least in the larger cities where industrial borrowers predominate, to add to their overhead by extending credit to this class of borrowers.

Furthermore, for banks to attempt to do so would be to enter into a competition in which all the advantages would be on the side of the industrial lenders, whose authorized charges are considerably higher than the six per cent that banks may charge on loans. Lending to necessitous borrowers, which term includes those who contract loans on extra-banking terms for consumption purposes, would involve considerably more expense to the bank than is the case with ordinary loans of small amounts. Such loans require investigation prior to granting, the making out of notes, and receiving and entering monthly instalment payments on the loan extending over a period of at least ten months, all entailing a deal of bookkeeping and clerical service.

OBITUARY

Colonel Clarence Hodson

The industrial loan world was greatly shocked and grieved to learn of the sudden death January 13th, of Colonel Clarence Hodson, president of the Beneficial Loan Society, and identified with other similar organizations. Colonel Hodson became interested in the industrial loan business in 1913 by the organization of the Beneficial Loan Society which began business in Newark, N. J. From this beginning other offices were added in New Jersey and elsewhere so that now they may be found in nearly all the principal cities of the country where the business has been regulated by statute. To the "Beneficial" group has been added The Personal Finance Co. and American Loan Co. systems so that the combined chain of offices in point of numbers is now the largest organization of its kind in the country. In 1915 and in succeeding years, Colonel Hodson took an active and leading part in the organization of state and national industrial lenders associations, holding in the early years of the national organization, two important committee chairmanships. Colonel Hodson served on the committee that assisted the Remedial Loan Department of the Russell Sage Foundation in drafting the Uniform Small Loan Law and contributed much of his time and energy toward its enactment in modified form in a number of states. His brain was fertile and his energy prodigious as his innumerable deeds and accomplishments will testify.

Among his creations and enterprises may be mentioned The Beneficial Operating Bureau Inc., New York, Clarence Hodson & Company, Bankers National Life Insurance Company, Collateral Bankers Inc., American Loan Company, Southern Trust Company, Guaranty and Indemnity Insurance Company and Beneficial Loan Society. The Legal Reform Bureau to Eliminate the Loan Shark Evil, The Industrial Lenders Technical Institute, The Industrial Lenders Insurance Company, and the following books and pamphlets: "The Fair Rate of Interest for Small Loans," "The Banks and Small Loans," "An Ideal Anti-Loan Shark License Law," "The Retail Merchants and Small Loans," "An Adequate Industrial Loans System Needed by the Masses," and lest we forget, he was the first editor of "The Loan Gazette," the first official paper of the American Association of Small Loan Brokers, the original names of the INDUSTRIAL LENDERS NEWS and the American Industrial Lenders Association.

A sketch of his family, interests and associations is appended:—

Colonel Clarence Hodson was born at Laurel, Del., February 22, 1868, and lived at Crisfield on the Eastern Shore of Maryland until aged 28, when he moved to Baltimore. Later he developed his financial business in New York. His residence was 241 North Walnut Street, East Orange, N. J., and business address was 165 Broadway, New York.

The Hodson family was established in Maryland in 1664 by Judge John Hodson (d. 1677), who came from England and settled in Dorchester County, and every generation since has held positions of honor and trust in Maryland. The succeeding generations were (2) John Jr., B. C. 1675, d. 1749; (3) Thomas b. 1732, d. 1803; (4) Levin, b. 1772, d. 1808; (5) Col. Thomas J. b. 1807, d. 1875; (6) Thomas S. b. 1837, d. 1920; (7) Clarence, b. 1868 (the subject), (8) Clarence Jr. b. 1894 and George b. 1896.

His father was Hon. Thomas Sherwood Hodson, LL.D., (b. 1837; d. 1920) who practiced law with distinction at Crisfield, Md., and later in Baltimore. Dr. Hodson was State Senator, and was U. S. Collector of Customs for the E. Dist. of Md., and held other public positions of honor and trust. He was trustee of Dickinson College in Pa., and of Wesley Collegiate Institute in Del. Col. Hodson's mother was Alice Mauck, (b. 1838, d. 1877) daughter of Aaron Mauck, M.D. (d. 1870) (m. Elizabeth Longnecker, b. 1816, d. 1894). Dr. Mauck was a native of central Pennsylvania, and lived in Laurel, Del., formerly in Delphi, Inc., and Philadelphia, Pa. In 1890 Dr. Hodson m. Clara Miles (dau. late Samuel G. Miles) by whom he had no issue. By his first marriage the children were Clarence, b. 1868 (subject), Gussie (d. 1869 unm.), Sherwood (b. 1872) m. Irene Leas, and Mary King (m. Rufus D. Brown, Jr.).

In 1889 Col. Hodson was admitted to practice law, and later became associated with his father under the firm name of Hodson and Hodson. In 1893 he was elected president of the Bank of Crisfield, and was at that time the youngest bank president in the United States. Since then, he has served as president or vice-president in a number of banks, trust companies, insurance companies and public utilities. Many years ago, he discontinued other activities to devote himself to the investment banking business and to other corporations. For the last several years he has been in semiretirement, spending his winters in Florida and summers at the sea shore: his business activities being restricted to consulting with the heads of the various corporations in which he was interested.

Col. Hodson was educated by private tutors and attended Crisfield Academy, of which his father was president of the trustees. The Hodson family for centuries has been interested in the advancement of education, and Col. Hodson is a member of the Board of Visitors and Governors of Washington College in Maryland. In 1922 he received the honorary degree of Doctor of Laws. A number of his addresses and studies in economics and sociology and biography have been published.

In 1896 he was commissioned as Colonel in the Maryland Militia, and served until 1900. He was not active in politics.

Col. Hodson was governor of the Delaware Society of New York, and held memberships in the American Bar Association, Legal Reform Bureau, Southern Society of New York, Maryland Society of New York, Machinery Club of New York, Newark Athletic Club, Newark Country Club of West Orange, Ophir Lodge F. & A. M. at East Orange, N. J. Orange Chapter of Royal Arch Masons at Newark, N. J., Henry Clay Lodge K. of P., at Newark, and other organizations. He has served for many years as ruling elder of Central Presbyterian Church in Newark, N. J.

In 1893 Colonel Hodson married Sara M. Payne, of Snow Hill, Md. who died in 1898. She was a daughter of the late George Sanders Payne, banker; in 1900 he married Lillian M. Brown, of Winston-Salem, N. C. She is daughter of the late Rufus D. Brown, tobacco manufacturer. The children of his first marriage are Clarence Hodson, Jr., of New York City (m. Mildred Brower) who was Lieut. in the Royal Air Force in England during the World War; George Hodson, of New York (m. Ellen Stockton) who was Lieut., in the 319th U. S. Inf. in France; and Lelia (m. 1st later Lauren E. Rogers of Laurel, Miss., and secondly James Hynson of Scarsdale, N. Y.).

To Mrs. Lillian Brown Hodson, the widow, Clarence Hodson, Jr., George Hodson, and Mrs. James N. Hynson, the surviving children, the following engrossed memorial was sent:

"It is with profound sorrow that we learn of the passing of your beloved Husband and Father and our Friend and Co-Worker. Through this means we tender our heartfelt sympathy in the loss you have sustained.

"About fifteen years ago along with his many other activities he became interested in the development of the industrial loan business along legitimate lines and devoted most of the remaining years of his earthly life to the task of raising the standards of that business throughout the country for the betterment of humanity. We are witnesses to his success in the attainment of that goal.

"The industrial loan world has, in the physical sense, lost one of its great leaders but the spirit of his high ideals will go on ever guiding and ever counseling until the harvest in its full fruition.

"Representing, as we do, the American Industrial Lenders Association, we, the undersigned deem it a high privilege to ascribe our signatures in testimony of a man who, after he was faithful over a few things, has been called Higher, to be ruler over many things."

Signed by Francis L. Thompson, President, George W. Kehr, Secretary, and the Committee: J. H. Aufderheide, C. F. Mueller, and L. C. Harbison, Chairman.

FROM A CO-WORKER

In response to a letter of sympathy sent by the national secretary to Charles H. Watts, President of the Beneficial Operating Bureau said:

"We thank you for your expression of sympathy on account of the passing of Colonel Hodson. He went rather suddenly, although it is said by those of us who were close to him that his business preparations for the past two years have indicated that he was conscious of the nearness of the time when he would leave.

"He died at his home in East Orange on the 13th of January after an hour's illness, and was taken for burial to his wife's home at Winston-Salem, North Carolina.

"The Colonel lived a splendid life, a most constructive one, and has set up for all of us a model of what can be accomplished by one who keeps his vision high and is steadfast to one purpose. The numerous enterprises established by him will carry on as heretofore, expanding as he had contemplated they would.

"I shall pass on to Mrs. Hodson and the family your kind letter."

GEORGIA

The seventh annual meeting of the Georgia Industrial Lenders Association was held on January 12th at the Atlanta Athletic Club, Atlanta, Georgia.

The meeting was called to order at ten A. M. by President Madison.

Our annual meetings grow better each year from the viewpoint of membership, attendance and the enlightenment of the business in which we are engaged. More and more each day are men in public life and the business man, becoming better acquainted with our business and evidencing a keener interest in what some of them claim is an indispensable necessity to our growing city.

During the meeting we were afforded an opportunity of having related to us the experience of men who have been successful in the small loan business. Mr. Young from Columbus, Georgia, who is a newcomer and a beginner in this business, requested that he be allowed to meet with us so that he might learn something from those who have had years of experience and training. Not only did we have our local members to call upon, but from men who have studied and know conditions as they are elsewhere. E. F. Moore, of the Beneficial Operating Bureau, was very thorough in his explanation of the business as was H. T. Mattingly of the Masters Loan Service. Samuel J. Masters was also present at the meeting at which Mr. Moore acted as toastmaster. Then, too, at the luncheon there were the addresses of Judge Russell of the Supreme Court of Georgia, and Judge McClelland, of the Municipal Court of Atlanta, and Mr. Barker, Executive Vice-President of the Atlanta Chamber of Commerce, also, Mr. Boyd of the Atlanta Legal Aid Society. There was also much to be gained from the paper read by Mr. Jones of the Personal Finance Company of Augusta, Georgia, entitled "The Benefits Derived from study in the Industrial Lenders Technical Institute." Also a paper by Mr. Schmitt of the Personal Finance Company at Savannah, Georgia, entitled "The Value of Rejected Customers," these papers brought out points that are invaluable to the man just entering the business and much benefit to those who are familiar with the business. Mr. Young was much impressed with the meeting and expressed his intention of becoming affiliated with us shortly.

A. B. Madison, who has labored tirelessly in the upbuilding of the Georgia Association having served as president continuously since its inception declined the nomination for another term, stating that the honor should be bestowed upon some one other than himself. Mr. Steimle our most efficient secretary for the past several years is leaving us shortly, he having been transferred by his firm to Philadelphia. The following executive officers were nominated and elected for the ensuing year. R. R. Lanham, President, Henry Sharp, Vice-President, Chas. T. Dismer, Secretary, J. A. Schmitt, Treasurer, A. B. Madison, Executive Committeeman.

Following the meeting the annual banquet and dance was held at the East Lake Country Club. Beginning promptly at seven-thirty P. M. The entire assemblage seemed to enter into the festivities in high spirits. During the entire evening the air seemed to permeate with joy and good fellowship.

Among the honored guests present were Judge Richard B. Russell and daughter, Judge E. E. Pomeroy and Mrs. Pomeroy, A. B. Mobley, Superintendent of Banks and Mrs. Mobley, C. N. Davie, of the Banking Department and Mrs. Davie E. F. Moore, of the Beneficial Operating Bureau, S. Jay Masters, Howard T. Mattingly, Major J. L. R. Boyd, of the Atlanta Legal Aid Society.

In a prize drawing contest for the ladies the following won $5.00 gold pieces, Miss Simpson, Miss Bauknight, Miss Harbin, Mrs. Davie, Mrs. Pomeroy and Miss Greenwood. After the drawing contest was over Mr. Moore on behalf of the Association presented Mr. Steimle the retiring Secretary with a handsome set of silver.

Dancing and fun making was indulged during the entire evening by almost everyone. We were also entertained with good singing, a comedy sketch and artistic dancing. The attendance seemed to have dwindled but slightly when strains of "Home, Sweet Home" sent us away, about one A. M.

CHAS. T. DISMER, *Secretary.*

MARYLAND

The regular monthly meeting of the Maryland Industrial Lenders Association was held in the Board Room, 22 Light Street, Wednesday evening, January 11th.

The meeting was called to order at 8 P. M. by the Chairman, Mr. Chester Gardner.

Upon motion duly seconded the minutes of the previous meeting were approved as distributed.

Roll Call—There were 43 present at this meeting representing 29 offices.

REPORTS

Treasurer—Mr. Baseman reported a balance of $350, in the treasury.

Publicity—Mr. Holden tended his resignation as Publicity Chairman, but at the suggestion of the President, it was tabled until our next meeting.

Vigilance Committee—Mr. Rosenfield reported that he was working on a case at the Post Office Department, and would have more to report at a later meeting.

Secretary—The Secretary reported that a number of the members were very delinquent in their dues, and asked that the checks be mailed to him direct instead of the Treasurer.

Membership—Mr. O'Neil reported progress.

Law Committee—In the absence of Mr. Bryant, there was no report from this committee.

NEW BUSINESS

The question was brought up as to the advisability of having a regular meeting night each month. While this was being discussed the Chairman suggested that occasionally we hold our meetings in different cities. It was regularly moved and seconded that our next meeting be held in Frederick, at the Francis Scott Key Hotel, promptly at 6 P. M., February 8th. Meeting to be held around the banquet table. Mr. Gardner will advise all members of the progress of this meeting, and also how many machines will be needed to take the members.

Mr. Wheeler, of the Enoch Pratt Free Library gave a splendid talk as to the advisability of a book shelf in the library to be known as the Industrial Lenders book shelf. After Mr. Wheeler's talk it was regularly moved and seconded that the Association spend $100.00 for one year for this shelf. Messrs. H. Bryant, E. F. Moore, and E. E. Hcughman, were appointed a committee to meet with Mr. Wheeler and make all arrangements.

There being no further business it was regularly moved and seconded that we adjourn until our next meeting, which will be held February 8th, at the Francis Scott Key Hotel at Frederick, Maryland, promptly at 6. P. M.

E. M. GARREN, *Secretary.*

MISSOURI

The fourth meeting of the Missouri Industrial Lenders Association was called to order by Harry Palmer, Chairman, in the Crystal Room of the Robidoux Hotel, St. Joseph, Missouri, January 12, 1928. Those in attendance were:

B. E. Henderson, Asst. Gen. Mgr., Household Finance Corp., Chicago; D. S. Harbison Supervisor, Household Finance Corp., Chicago; H. G. Evans, Manager, Household Finance Corp., Kansas City; J. G. Yale, Manager, Household Finance Corp., St. Joseph; E. R. Klein, Supervisor, Beneficial Operating Bureau, Chicago; A. D. Bennett, Asst. Supervisor, Beneficial Operating Bureau, Chicago; F. C. Hallowell, Asst. Supervisor, Beneficial Operating Bureau, Chicago; M. F. Snyder, Asst. Auditor, Beneficial Operating Bureau, Chicago; C. R. Jordon, Manager, Personal Finance Company, St. Joseph; R. C. McClanahan, Manager, Personal Finance Company, St. Louis; V. G. Wise, Manager, American Loan Company, Kansas City; E. B. Terrell, Owner, Terrell & Company, Kansas City; Harry Palmer, Partner Robert Hughes & Company, St. Louis; T. B. Slider, Partner, Fulton Loan Society, Kansas City; H. F. Reilly, President, Collateral Loan Company, Kansas City; Matt S. Shinnick, Director, Collateral Loan Company, Kansas City; Mrs. B. C. Duncan, Treasurer, Collateral Loan Company, Kansas City; Arthur Rohm, Manager, Mayflower Loan Company, Kansas City; O. W. Taylor, Manager, Home Finance Service Company, Kansas

City; C. L. Pine, Owner, C. L. Pine Loan Company, St. Joseph; J. H. Lyman, Manager C. L. Pine Loan Company, St. Joseph; E. M. Butterfield, Asst. Manager C. L. Pine Loan Company, St. Joseph; L. M. Curtis, Asst. Manager, C. L. Pine Loan Company, St. Joseph; David Lichtenstein, President, Public Loan Corp., St. Louis; E. D. Feltenstein, Manager, Commerce Loan & Inv. Co., St. Joseph; H. J. Hart, Asst. Manager, Commerce Loan & Inv. Co., St. Joseph; J. W. Babbitt, Manager, Metro Loan Company, St. Louis; W. E. Thompson, President, Universal Underwriters, St. Joseph.

After a few remarks as to the purpose of the meeting, Mr. Palmer called upon the secretary and the treasurer for their reports. Upon motion duly made and seconded, the reports were approved.

A spirited discussion was then entered into by all present in regard to the apparent misunderstanding existing between the Morris Plan, Citizens Loan and Investment Company, and similar companies regarding advertising matter by the uniform small loan companies appearing in daily newspapers. Mr. Klein reported recent contact with Mr. Britton, President of the Citizens Loan & Investment Company in St. Louis. It was Mr. Klein's opinion a committee should be formed to meet with officers of the endorsed note companies in order that a better understanding could be effected by all concerned.

Upon motion made by Mr. Henderson and seconded by Mr. Harbison, the following committee was named to create a better understanding between the Morris Plan, and similar companies with the uniform small loan companies: Harry Palmer, E. R. Klein, T. B. Slider, C. L. Pine and J. M. Babbitt.

Mr. Lichtenstein reported his activities as chairman of By-Laws committee, and stated among other things he had filed incorporation papers for the association

A motion was made by Mr. Klein, and seconded by Mr. Palmer, that By-Laws report be received and committee be excused with a vote of thanks. It was so ordered.

Mr. Klein suggested an amendment to the By-Laws governing employees: as follows:—

Governing Employees

1. That it is the unanimous sense of the members of the Association it is for the best interest of the small loan business and equally so in the interest of each member that no member or his manager will attempt to dissatisfy the employee, attempt to take him from the employ of such competing member, except or unless he has first approached the management now employing him and obtained his consent to carry on such negotiations.

2. Provided further, that no member shall employ either directly or indirectly any person who shall carry with him or her, any list, record, memorandum or other writing of names or addresses of customers belonging to the member by whom they have been previously employed, nor any other memorandum of information pertaining to the business of any member by whom they have been employed at any time with intent to injure the business of said former member employer.

3. Provided further, that no member shall allow any person in his or their employ to solicit the former or present customers of any other member either by mail or in any other manner where such information upon which such solicitation is made, is the result of having employed an ex-employee of such other member.

Upon motion made by Mr. Henderson and seconded by Mr. Palmer, that said amendment be referred to executive committee, it was so ordered.

Mr. Klein presented a paper outlining a code of ethics for members of the association. Upon the suggestion of Mr Palmer, same was read by the secretary as follows:—

Code of Ethics

We adopt as sound and as especially applicable to the conduct of the Small Loan business, the following General "Principles of Business" promulgated by the Chamber of Commerce of the United States. May 8, 1924.

1. "The Foundation of business is confidence, which springs from integrity, fair dealing, efficient service, and mutual benefit."

2. "The reward of business for service rendered is a fair profit plus a safe reserve commensurate with risks involved and foresight exercised."

3. "Equitable Consideration is due in business alike to capital, management, employees, and the public."

4. "Knowledge—thorough and specific—and unceasing study of the facts and forces affecting a business enterprise are essential to a lasting individual success and to efficient service to the public."

5. "Permanency and continuity of service are basic aims of business, that knowledge gained may be fully utilized, confidence established and efficiency increased."

6. "Obligations to itself and society prompt business unceasingly to strive toward continuity of operation, bettering conditions of employment, and increasing the efficiency and opportunities of individual employees."

7. "Unfair Competition, embracing all acts characterized by bad faith, deception, fraud, or oppression, including commercial bribery, is wasteful, despicable, and a public wrong. Business will rely for its success on the excellence of its own service."

8. "Corporate Forms do not absolve from or alter the moral obligations of individuals. Responsibilities will be as courageously and conscientiously discharged by those acting in representative capacities as when acting for themselves."

Article II.

Proprietors, Executives and Managing Officers

1. The proprietors, executives and managing officers shall be moral men, of sound integrity, clean reputation and unquestioned honesty and credit standing.

2. They shall consider their business an honorable occupation, and realize that it affords them a distinct opportunity to serve society.

3. They shall operate, manage and supervise the business transacted under their authority and direction in strict conformity with the word and spirit of the law. They shall enlighten themselves as to the proper ideals and principles of the loan business, keep posted as to the laws and rulings relating thereto, observe the By-Laws and rules of their State and National organizations, and assist fellow lenders in the conduct of the loan business.

4. They shall conduct their business in the spirit of service, at charges not exceeding lawful rates, upon repayment terms adjusted to the income of the borrower; they shall at all times dignify the industrial loan business so that it will enjoy the confidence and approval of the public; they shall promote a better understanding between lenders, based upon a recognition of mutual responsibilities and interdependence.

Article III.

Relations with Borrowers

1. We shall consider our business a vital necessity in community life and that it affords a distinct opportunity to extend credit to deserving people who may not possess bankable security.

2. We shall recommend that each State pass adequate laws to regulate and supervise this necessary business and to encourage and safeguard invested capital.

3. All patrons shall be dealt with honorably at all times.

4. Courteous, friendly and helpful attention and service to borrowers and prospective customers shall be extended and provided.

5. Where assignment of wages is taken as part or full security for loans, notice of such assignment will not be served upon employers, except as a last resort to secure repayment of the loan, or to comply with statutory requirements.

6. The terms and conditions of loans shall be explained carefully, fully and fairly on or before the date the loan is closed.

7. Loans shall not be made knowingly to minors or to those who are senile, decrepid, or intoxicated, or for useless or unlawful purposes.

8. Any investigation and appraisal of security shall be conducted in a manner to respect the usual confidential relation between lender and borrower.

9. Loans shall not be made to persons who do not speak, write or understand the English language, except through an interpreter capable of explaining to such applicant the nature and character of his obligation.

10. We shall condemn any effort to evade our loan laws by requiring borrowers to buy stock or insurance or to leave a part of the borrowed funds on deposit, or by any other method of deceiving the borrower as to the actual cost of his loan.

Article IV.

Relations with employees

1. Employees shall be instructed in the proper ethical and tactical conduct of the business. They shall be assisted by personal advice and conduct to become better and more useful citizens. They shall be extended sympathy in adversity, and given assistance when needed. Prudence and care shall be employed in engaging and dismissing employees to the end that ability and loyalty may be rewarded and efficiency encouraged.

2. Merit shall be the sole basis of advancement, and continuance of employment shall be the reward for faithful service.

3. Industry, loyalty, ability and unusual effort shall be adequately rewarded

it unusual willingness shall not be verburdened.

4. Preference shall be given to employees who have proven their loyalty nd qualification whenever opportunity or promotion occurs.

Article V.

1. We recognize the authority and responsibility of State officials, and pledge urselves to observe the rulings of those aving the duty of interpreting and administering the loan laws.

2. We will promptly and courteously cknowledge all official communications nd furnish all reports required by State uthorities and the laws under which e operate.

3. We will coöperate with deputies and xaminers representing the State in any udit, examination or investigation of ur books and afford such officials every acility to assist them in their work. hould excessive charges be made or ollected, through error, we will cheerully and promptly rectify the same.

4. We pledge ourselves to assist State nd local officials in the enforcement of an laws, and to furnish the proper fficials with information of any violaon of loan laws within our knowledge.

Article VI.

Relations With Other Industrial Lenders

1. We shall seek to maintain intimate, ordial and friendly relations with our ompetitors and shall practice clean and onorable competition.

2. We shall not make false or disaraging statements, either written or ral, or circulate harmful rumors reecting a competitor's business. Neither vill we simulate the trade mark, trade ame, slogans or advertising matters of competitor.

3. We shall disseminate information nd exchange experiences that each licensee may profit thereby and avoid the osses and hardships resulting from lack of knowledge obtainable from each other.

4. We shall make no false statements o each other, to our association or to he public.

5. We condemn the practice of "douling up." If we know an applicant is a present debtor of a competitor, it shall e ethical practice to either pay off the debt or decline the application.

6. We shall refrain from prying into the business secrets of competitors' patrons; from using a mailing list of competitors' patrons as disclosed by the public records.

Article VII.

Relations with the Public and Non-Borrowers

1. We pledge ourselves to conduct the industrial loan business in such a manner as to win and hold the confidence of the public, demonstrate the necessity for a fair and lawful industrial loan service and enable reputable lenders to procure legitimate capital.

2. We favor lenders becoming affiliated with public service organizations, such as Chambers of Commerce, Boards of Trade, and Credit Associations, and becoming identified with civic bodies, such as Rotary, Kiwanis, Lions and other public spirited societies striving to better local and business conditions.

3. All applications for loans shall be declined where we have reason to believe the money is to be used for dishonest, immoral or unlawful purposes.

4. In no way shall we identify ourselves with any questionable enterprise.

5. All advertisements, including newspaper, magazine, circular letters, or booklets presenting our service to the public shall be free from false misleading or deceptive statements.

ARTICLE VIII

Observance of This Code of Ethics

1. The adoption of this code by the members of the Missouri Industrial Lenders Association places an obligation on all its members to make an honest effort to faithfully observe and practice all the "principles of business" and "rules of ethical business conduct" herein set forth.

A motion was made by Mr. Klein, seconded by Mr. Hallowell, that the code of ethics as read be adopted by our association, was passed.

Upon motion made by Mr. Rhom and seconded by Mr. Palmer, that a copy of above motion be sent each member, it was so ordered.

Mr. Lichenstein suggested a committee be appointed to contact the Insurance Commissioner in regard to the present regulation invalidating insurance claims of insured when a chattel mortgage is placed on insured furniture. Upon motion made and seconded H. G. Evans, David Lightenstein and M. S. Shinnick were made. Said committee was instructed to contact Better Business Bureaus in their respective cities so that same would contact Insurance Deputies in order to effect a more favorable regulation.

The secretary placed the application for membership of E. B. Terrell of Kansas City before the members to be acted upon.

Upon motion made by Mr. Klein and seconded by Mr. Wise, Mr. Terrell's application was accepted by acclamation by all present.

J. G. Yale, placed before the assembly the application for membership of E. D. Feltenstein of the Commerce Loan and Investment Company. A motion was made and seconded and carried that Mr. Feltenstein's application be accepted.

F. C. Hallowell of the Beneficial Operating Bureau was called on to address the meeting.

E. B. Terrell of Terrell and Company gave all members present a number of helpful suggestions regarding the invalidation of insurance policies when insured places chattel mortgage on same.

T. B. Slider reported his office in St. Louis had been one of the first examined by Mr. Harris of the State Finance Department, and wished to inform all present of the cordial manner in which Mr. Harris conducted his examination. Mr. Slider also stated the examiner commended his entire office force for the way they had made out all loan papers. payments, etc., and for the few mistakes it was necessary for him to call their attention to.

The meeting then recessed until 2:00 o'clock for luncheon.

At the luncheon several fine addresses were made by the following: Judge A. B. Duncan of the Circuit Court; Benja-

$80

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min Sosland Advertising Manager of the St. Joseph Gazette, and W. H. Fitzpatrick, Traffic Manager of the Chamber of Commerce.

After the luncheon, the meeting was again called to order by Harry Palmer, Chairman.

Mr. Reilly was requested to invite Mr. Cantley, the Finance Commissioner to our next meeting. Mr. Reilly reported he had discussed this with Mr. Cantley, and was of the opinion the Finance Commissioner would attend our next meeting unless detained by unusual developments in his department.

Upon motion made by Mr. Henderson and seconded by Mr. Klein that a copy of the Small Loan Law be sent to Mr. Marsh of Wm. I. Marsh Company of Chicago and that Mr. Marsh be requested to have 500 copies of same printed for use of members, complimentary to the association, was ordered.

Mr. Pine, Mr. Evans, and Mr. Slider were called on to address the meeting.

Mr. Reilly suggested all members properly prepare their records in order that we all meet with the approval of the Finance Commissioner in regards to the requirements recently sent out by the Finance Department.

Mr. Henderson and Mr. Klein suggested we all show bank examiners every courtesy and to assist them in every way possible during their examination.

Mr. Palmer stated he had a few complaints from various sources that applicants for loans under $50.00 were not getting the proper service. It was the consensus of opinion a $10.00 loan often develops into a good $300.00 loan and business of this kind should be given the same service as is given to applicants for larger amounts.

Upon motion made by Mr. Palmer and seconded by Mr. Klein, a rising vote of thanks was given to all members responsible for the pleasant meeting we enjoyed here. This thanks was given by acclamation.

A motion was made and seconded that the next meeting be held at the Statler Hotel, St. Louis, Missouri, Thursday, May 10, 1928.

V. G. Wise, *Secretary.*

NEW JERSEY

The Quarterly Meeting of the New Jersey Industrial Lenders' Association, was held in the Stacy-Trent Hotel, Trenton, N. J., January 19, 1928.

Luncheon was served prior to the meeting and approximately 45 members were in attendance. The meeting was called to order at 2:45 o'clock p. m. by Mr. Van Horn, the Chairman. The secretary called the roll and the following companies responded: The American Equity Corporation, Trenton; The Beneficial Loan Society of Elizabeth, Jersey City, Orange, Paterson and Trenton, N. J.; The Community Finance Service of Elizabeth and Newark; Continental Finance Corp., Jersey City; W. A. Dunn Company, Paterson; Equitable Loan Society of Elizabeth, Jersey City and Newark; Guarantee Loan Co., Camden, N. J.; Guardian Loan Society, Elizabeth, N. J.; Industrial Loan Society, Newark, N. J.; Max Knobloch Loan Co., Newark, N. J.; Personal Finance Co. of Kearney; National Finance Service, Inc., Newark; Penn Loan Society, Inc., Perth Amboy, N. J.; Mercantile Finance Corp. of N. J., Trenton, N. J.; N. J. Cash Credit Corp. of Asbury Park, Camden, East Orange, Elizabeth, Hackensack, Jersey City, Newark, Trenton and Union City; Peoples Loan Company, Jersey City; Personal Finance Co. of Bayonne, Jersey City and Hackensack; Plaza Loan Society, Inc., Jersey City; Protective Investment Co., Paterson; Safety Loan Co., Newark, N. J.; Standard Loan Co., Jersey City, N. J.; Van Horn Agency of Trenton and New Brunswick, N. J.; Ideal Finance Association, Inc., Newark; Community Finance Service, Trenton, N. J.; Conservative Credit System of N. J. Inc., of Newark, N. J.; Bergen Co. Loan Ass'n., Hackensack, N. J.

Dr. Mueller read the following resolution adopted by the N. J. Industrial Lenders' Association on January 19, 1928:

Whereas, The widespread sorrow and sense of personal loss in the death of Colonel Clarence Hodson, as well as that regret which the Association feels at the passing of a valued member, and the shock at the suddenness with which death calls a man from his activities; and

Whereas, Colonel Clarence Hodson had many friends, and outside of these personal bonds, his charities and benevolences established a widespread series of contacts with the hearts of people; and

Whereas, The story of his life in the attainment of a fortune, the degree of success achieved, not only in the field of industrial finance, but in other fields of business and investment, is one of those revelations of American opportunity met with genius and diligence, which inspire the ambitious youth; be it

Resolved, That the members of the New Jersey Industrial Lenders Association here record their sense of loss in the death of Colonel Clarence Hodson, and their sincere appreciation of his life as a man and fellow worker, and a citizen; and be it

Further Resolved, That a copy of this statement and these resolutions be submitted to the surviving members of Colonel Clarence Hodson's family, that they be printed in the Industrial Lenders News and that they be preserved in the minutes of this association.

Upon motion made, seconded and carried, the resolution was adopted and the members paid silent tribute to the memory of Colonel Hodson.

The minutes of the last special meeting held in Newark were read and approved.

Reports

The Secretary read his report which was accepted.

The Treasurer read his report, which was accepted.

The Secretary read the report of the Executive Committee, which was a resolution as follows:

Resolved, That subject to the rules and regulations of local exchanges, the members of this association exert every effort to prevent any borrowers from having outstanding more than $300 with licensees. And for the purpose of carrying out the intent of the law, no borrower should be permitted to have accounts with more than one licensee at any one time.

Further Resolved, That every licensee shall accept payment in full of a borrower's account at any time whenever tendered, regardless of the terms of the contract under which the loan was granted.

Mr. Buswell, Chairman of the Entertainment Committee, said the Committee was deeply indebted to Messrs. Van Horn, Buchman and Kolbor for having procured Mr. Bugbee and Mr. Hammond to speak at the luncheon. He further said it was the last time the Lenders would get together before the annual affair in March and the members would greatly assist the Chairman of the Committee if they would see that not only their own reservations, but those of other members who were not present at the meeting, are sent in promptly. Mr. Buswell said it was a pleasure to handle the entertainment end of the meetings and that he would be greatly aided by having reservations sent in promptly.

Mr. Umlauft, Chairman of the Publicity Committee said his committee will do all in their power to coöperate with Mr. Buswell and make the March affair a great success. He further stated the Committee is doing all within their power to make their business known among the public officials.

Dr. Mueller spoke for Mr. Young, Chairman of the Membership Committee, saying Mr. Young was attending the Pennsylvania Association meeting in Pittsburgh and the Ohio Association meeting in Columbus.

Mr. O'Brien spoke for Mr. Whitstone of the Vigilance Committee and reported progress.

Mr. Lambert of the Vigilance Committee reported that there was a Lender in Camden who had been loaning money and taking part of the money loaned and applying it as part payment on lots, but he was unable to get the definite information whereby we could bring action against him and he had heard he was going out of the small loan business. Practically all of the loans made were tied up with real estate in some manner or other.

Mr. Lambert, Chairman of the Skip Accounts Committee, said this Committee had a meeting in the morning in reference to the skip and moving about of customers in different territories out of the jurisdiction and they talked at length about it and decided to offer a recommendation to the Association to the effect that this information should be sent through to the local exchange in that territory in some form, preferably a card form that could be filed there or with some local company in town, if there was not an exchange. This matter was taken up at the Atlantic City meeting, but did not go into detail on it. Mr. Lambert said it could be brought up under new business.

Unfinished Business

A letter was read by the Secretary from the Columbia Finance Company in which they tendered their resignation to take effect immediately. As this company has gone out of business, it was regularly moved, seconded and carried that their resignation be accepted.

The Chairman at this time served notice on the Auditing Committee to get their report in for the next meeting.

New Business

The following names of companies were read, having submitted applications for membership in the New Jersey Industrial Lenders' Association:

Beneficial Loan Society of Plainfield, Union Bldg., Plainfield, N. J., Irvington Loan Society, 1003 Springfield Ave., Irvington, N. J.; Monroe Loan Society,

55 Washington St., Bloomfield, N. J.; Monroe Loan Society of New Brunswick, 110 Albany St., New Brunswick, N. J.; Monroe Loan Society, 275 Broad St., Newark, N. J.; Mercantile Finance Corp. of N. J., 1535 Pennington Rd., Trenton, N. J.; National Loan Society of Camden, Wilson Bldg., Camden, N. J.; Personal Finance Co. of Passaic, 704 Main St., Possaic, N. J.; Personal Finance Co. of Perth Amboy, 214 Smith St., Perth Amboy, N. J.; Personal Finance Co. of East Orange, 354 Main St., E. Orange, N. J.; Personal Finance Co. of Bloomfield, 15 Broad St., Bloomfield, N. J.; Martin S. Kissel, Brook Treatre Bldg., Bound Brook, N. J.

It was regularly moved, seconded and carried that these companies be elected to membership in the New Jersey Industrial Lenders' Association.

Mr. Kuestner of the Mercantile Finance Corporation of Trenton, one of the new applicants in the Association, was introduced to the meeting.

Mr. Buchman read the resolution which had been adopted by the Executive Committee. Mr. Kaplan objected to this proposed resolution, while Dr. Mueller, Mr. Simon, Mr. Seabourne, Mr. Buswell and Mr. Magolles were in favor of it. A very lengthy discussion ensued.

It was moved by Dr. Mueller and seconded by Mr. Simon that the resolution be adopted as recommended by the Executive Committee.

Mr. Lambert read the recommendation of his committee on removal accounts.

It was regularly moved, seconded and carried that Mr. Lambert's resolution, "Recommended that accounts of any customer that moves out of your jurisdiction be sent to that local exchange or some local company's office as soon as the new address is ascertained as a matter of record."

A question was asked as to what is meant by moving out of the jurisdiction, and this was explained as meaning the working district. If you are operating through an exchange, then that radius would give a point and from there on another exchange would take it up or where it laps over, new members take it over. The records should be sent on to the next office or some other office will take the account up.

Mr. Van Horn explained this by saying, "Take an office operating in Perth Amboy, having removed their account say to Camden. You notify the Chairman of the exchange in Camden that your customer has removed to a street address in Camden. They know he has moved to Camden and send that to the Camden exchange. The flash is sent around to all members so if that party applies they will pick up your account and not make a loan until it is paid off. If there is no exchange, it should be sent to the local office."

A motion was made, seconded and carried that some arrangement be made with the Banking and Insurance Department to furnish the State Secretary with the names of all new applicants for small loan licenses.

A motion was made, seconded and carried that the Secretary include in the next bulletin going out, a list of the Chairmen of the several exchanges in the State of New Jersey.

The Chairman brought up the question of holding the state meetings at regular intervals, for instance the second Thursday of every third month or any time that is suitable. The chain organizations need that information for their field force. Notice in the LENDERS NEWS carries schedule of the dates of the meetings of the several state organizations. If we can have a set time for our quarterly meetings it would be possible for us to all know in time and keep it open. It would also give us better attendance.

Mr. Umlauft said it would be a good idea to have a set date and a committee should be appointed to arrange suitable dates.

The question of amending the by-laws was taken up, and a motion was made, seconded and carried that the Executive Committee prepare a resolution for the next meeting for change of constitution and by-laws to set regular meeting dates for the state association and that the Secretary be instructed to send out the notice of the proposed change.

A motion was made, seconded and carried, that all members in filing their annual reports on November 30th fill that report out on the typewriter and check it over to see if it is correct and carries the information the Department wants.

Mr. Umlauft said this meeting was held in Trenton as an honor to the Chairman, Mr. Van Horn, and he said a fitting tribute in his honor to which Mr. Van Horn graciously responded.

Upon motion made seconded and carried a vote of thanks was extended to the Entertainment Committee for the fine entertainment and luncheon.

VERNON L. BUCHMAN, *Sec.*

PENNSYLVANIA

A regional meeting of the P. I. L. A. was held at the William Penn Hotel, Pittsburgh, Pa., on Wednesday Jan. 18, 1928.

The meeting was called to order by Chairman Bachofer at 10:30 a. m.

Chairman Bachofer at this time introduced to the members, Vice-president Badger, of the American Industrial Lenders Association.

Upon motion of Mr. Loupe, seconded by Mr. Gantz, the treasurer's report was approved.

SECRETARY'S REPORT

January 18, 1928.

Members Nov. 18, 1927	172
New Members Nov. 18, 1927	4
Total Membership Jan. 18, 1928 ...	176
Licensees in State Jan. 18, 1927	427
Members dues paid to June 30, 1928	109
Delinquent since Jan. 1, 1928	67
Total	176

Respectfully submitted,
W. S. HERRON, *Sec.*

Upon motion of Mr. Moss, seconded by Mr. Early, the Secretary's report was approved.

REPORTS OF STANDING COMMITTEES

Mr. Watts, Chairman of the Executive Committee not being present, his report was read by Mr. Millard.

To the officers and members of the Pennsylvania Industrial Lenders Association:

A meeting of the Executive Committee was held on Nov. 22, 1927, at the City Club, Phila. which later adjourned to Dr. Mueller's office at 220 S. 16th St. A majority of the members were in attendance.

The following matters were approved and recommended for the consideration of the members:

1. That no change be made in the present number of members of the Executive Committee;

2. That the next regular meeting of the Association be held at Pittsburgh on Jan. 18, 1928, business meeting in the morning and afternoon, with luncheon, banquet and dance;

3. That the annual meeting be held on November 14, 1928, at the Bellevue-Stratford Hotel, Philadelphia, Pa.

4. That the Executive Committee at a later meeting should carefully consider the cost of the annual meetings. Authorization is hereby requested of the members so as to provide a method by which a high standard of entertainment and festivities may be continued but at a considerably reduced cost.

Respectfully submitted,
CHARLES H. WATTS,
Chairman Executive Committee.

Upon motion of Mr. Thale, seconded by Mr. Young, the report of the Executive Committee was approved.

VIGILANCE COMMITTEE

The Secretary read the report of Mr. Herron, Chairman of the Vigilance Committee in which he said that certain auto finance companies that had charged excess interest on certain deals had settled the accounts for the principal and six per cent per annum interest.

Salary buyers cases not listed for trial, but have placed accounts in collection agency's hands and they are sending collection letters in which they continually refer to the transaction as a loan.

W. S. HERRON, *Chairman*
Vigilance Committee.

Upon motion of Mr. Curray, seconded by Mr. Dana, the report of the Vigilance was approved.

MEMBERSHIP COMMITTEE

Mr. Moss made a verbal report that progress was being made in securing new members, and upon motion of Mr. McCartney, seconded by Mr. Haines, the report of the Membership Committee was approved.

PUBLICITY COMMITTEE

Mr. Millard reported for Mr. Moore, that considerable publicity was obtained for the Pittsburgh meeting and that the photograph of the Chairman and Secretary was appearing in several papers.

Upon motion of Mr. Dobyns, seconded by Mr. Sipotz, the Publicity Committees report was approved.

ENTERTAINMENT COMMITTEE

Mr. Buck, Chairman of the Entertainment Committee stated that the Bellevue-Stratford Hotel had been secured for Nov. 14, 1928, for the annual meeting and banquet.

Upon motion of Mr. Badger, seconded by Mr. Fry, the Entertainment Committee's report was approved.

SPECIAL COMMITTEES

At this time, upon motion of Mr. Moss, seconded by Mr. Ezekiel, the secretary was instructed to write all Committee

Chairmen requesting them to have reports in Secretary's hands to be read at each meeting, if they themselves are unable to be present and read reports.

NEW BUSINESS

At this time Mr. Young requested the privilege of the floor, and read the following resolution:

Resolution adopted by the Pennsylvania Industrial Lenders Association at Pittsburgh, January 18, 1928:

COLONEL CLARENCE HODSON

WHEREAS, The business world has lost a commanding leader; International Good Will has lost an understanding friend. Industrial Banking has lost an exemplar of far-flung vision and enterprise, developing orderly employment and industry on every hand; and

WHEREAS, American Ideals have lost a stalwart champion of the new concept of business, with its conscience and responsibility, as a field of human service, as well as an avenue of individual advancement; American fame has lost a pioneer, who made the name "American" synonymous with fair dealing, energy, resourceful and self-respecting financial service to the humblest workers in the land; therefore be it

Resolved, We record with deep sorrow the death of Colonel Clarence Hodson, who for many years, and at great personal sacrifice, rendered devoted service to the embryonic business of Industrial Loans; and be it

Further Resolved, We who valued his counsel and services, also record our pride in the inspiration of his unselfish life, which contributed so much to crystalize the spirit of team play with conscience and responsibility, as a new concept of business in the field of human service.

Upon motion of Mr. Devine, seconded by Mr. Dana, the resolution was unanimously adopted, ordered spread on the minutes, and the Secretary instructed to have a copy engrossed and forwarded to the family of the bereaved.

The Secretary called attention to the fact that we have been in the habit for the past few years, of holding five meetings a year, and asked the members for expressions as to the necessity of having over four.

G. J. Badger took the floor and stated that the members having offices in several states, found it impossible to attend the meetings as they would like, due to the fact that several states hold their meetings on the same day.

The matter was referred to the Executive Committee, with the suggestion that we hold quarterly meetings taking the annual meeting in November as a base and holding them on the second Wednesday, or some other regular time, but to confine them to quarterly meetings.

There was considerable discussion as to our practice in giving donations to local institutions. The opinion seemed to prevail that we should confine our donation to State or National drives. Nothing was done with the matter.

At this time we adjourned for luncheon, where we were addressed by Mr. A. V. Snell, Secretary of the Pittsburgh Chamber of Commerce. Mr. Snell gave a fine talk and upon its completion, a rising vote of thanks was tendered the speaker.

We reconvened at 2 p. m.

The Secretary read applications for membership from the following:

Automobile Fund, S. E. Cor. Broad & Girard Ave., Phila., Pa.; United Small Loan Corp., 626 Merchant St., Ambridge, Pa.; Continental Finance Corp., 855 E. Allegheney Ave., Phila., Pa.; Auto Owners Finance Co., 161 N. 15th St., Phila., Pa.; Junior Finance Co., 3237 Kensington Ave., Phila., Pa.; Public Finance Service, Inc., 4677 Frankford Ave., Phila., Pa.

Upon motion of Mr. Moss, seconded by Mr. Schultz, all the above applicants were elected to membership.

The Secretary read the resignation of the Franklin Loan Service, Inc., 400 Jefferson Bldg., Phila., who are discontinuing business. Upon motion of Mr. Haines, seconded by Mr. Thale, the resignation was accepted with regret.

K. S. Fry, of the Community Finance Service, Inc., read a paper and E. L. Shultz, of the Household Finance Corp., read another on "Coöperation and Improvement of the Small Loan Business."

The writers were given a vote of thanks for their efforts, and the papers ordered sent to the National Secretary for publication in the LENDERS NEWS.

Mr. Badger at this time spoke on the necessity of selling our business to everyone and the good that can be accomplished by doing so.

The meeting adjourned at 3:30 to reconvene at 6:30 for the banquet and entertainment.

The banquet in the evening was the largest ever held by our Association in Pittsburgh, there being over 150 reservations.

Chairman Bachofer presided and in a few well chosen words introduced Mr. Young, who delivered the address of welcome. Mr. Young requested the assemblage to rise and give silent tribute to Colonel Hodson.

After Mr. Young's address of welcome, we were entertained by the Oxford Entertainers and Jack Thompson, humorist, both of whom were well received.

William Rainey Bennett then gave a splendid talk on the "Man Who Can."

A rising vote of thanks was tendered Mr. Bennett.

The meeting then closed, and the balance of the evening was given over to dancing.

W. F. BUCK, *Acting Secretary.*

The Evasion of the Small Loan Laws of Georgia as Practiced by Certain Licensed Salary-Buyers in the State of Georgia

BY J. L. R. BOYD,

General Counsel, The Atlanta Legal Aid Society, Atlanta, Ga.

FOREWORD: *The Atlanta Junior Chamber of Commerce in publishing this article is trying merely to give a brief on certain practices which are probably injurious both to the employer and the employee. A "Small Loans and Investments Committee" has been working for several years trying to correct these wrongs by explaining the situation in detail, and in so doing asks that you study the cases herein set out with the idea of discouraging the so-called Loan Sharks. We only hope that some benefits may be derived, and if so, our efforts will not have been in vain. Please remember that there is no selfish motive connected with this article, aimed at any individual, but is given merely as useful information to the persons interested.—The Atlanta Junior Chamber of Commerce.*

THE EVASION OF THE SMALL LOAN LAWS OF GEORGIA AS PRACTICED BY CERTAIN LICENSED SALARY BUYERS IN THE STATE OF GEORGIA

[A legal discussion of the contravention of the policies of the Georgia Law regulating the sale or assignment of wages and salaries by the policy of the larger employers (corporations) whereby employees resisting claims of salary buying companies, operating contrary to the policy of the law, are discharged.]

THE EVASION DEFINED AND EXHIBITS "A" AND "B"

The evasion of the "Small Loan Laws" of Georgia, practiced by certain Salary Buyers is that of lending money by a verbal contract with Wage Earners, and obtaining the signature of the Wage Earner at the same time to written instruments which disguise the lending features and give the transaction a form of an absolute sale or assignment of wages.

For the purpose of illustrating this evasion,—there is hereto appended Exhibit "A," a list of Salary Buying Offices operating in Atlanta, Georgia, within the past two years.

Also hereto appended, marked Exhibit "B," a typical contract of assignment utilized by practically all of the above companies with minor unessential differences.

HOW THE EVASION IS MADE POSSIBLE

The Evasion of the Small Loan Law of Georgia is made possible,—

First:—Because the larger employers (corporations) have erroneously believed for some years,—

a. That the business of buying wages and salaries is totally unregulated by the law,—and

b. That the bad economic vices of the business are permitted and sanctioned by law.

Second:—Because the policy of the arger employers (corporations) relative o employees who are borrowers, is in onflict with that of the government of eorgia as follows:

. The new policy of the Georgia law under the Uniform Small Loan Law of 1920, is to penalize only the usurer and to give every protection to the necessitous borrower.

(The necessitous borrower is that class of persons who habitually borrow small amounts, usually less than three hundred ($300.00) dollars, on character and earning capacity as security.)

. The continued policy of employers (corporations) is to discharge employees who fail to pay, and are sued on claims of salary buyers,—whether or not such claims are recognized by the policy of Georgia law.

POLICY OF THE LAW IN THE REGULATION OF SALARY BUYERS

Sale or assignment not to secure loans

The Salary Buyer, under the Georgia aw, the Acts of 1904, page 79, Sections 446-66, Code of 1910 is prohibited under enalty of losing his license, from purhasing wages at a rate of discount reater than the following:—

$0.50	from $1.00	to $5.00
0.70	from 5.00	to 10.00
1.00	from 10.00	to 20.00
1.50	from 20.00	to 35.00
2.00	from 35.00	to 60.00 etc.

Sale or Assignment to Secure Loans

Before the Salary Buyer can obtain a rofit at the above rate of discounts, it s obvious that he must negotiate with is customers on a basis of a continuous ine of credit, supported by renewals as ollateral security. Of course, such an rrangement at the above rates,—such a naintenance of credit at such consecutive harges is money lending and exceeds the ate of interest permitted by the "Uniform Small Loan Law" of Georgia, and all isury laws of all States. See the following Supreme Court decisions dealing with his type of disguised money lending;—

Tennessee Finance Company vs. Thompon. In re Mosley, 278 Federal 587. (1922 C. C. A. 6th Circuit); McWhite vs. Tenn., 143 Tenn. 222; (1920) Brandt vs. Hall, et al.; 40 Indiana App. 651 (1907); Wilson vs. Fisher, 155 App. (N. Y.) Div. 877; Cotton vs. Cooper, 160 S. E. 135; (Texas 1913).

New Penalties for Violating the New Policy of the Law

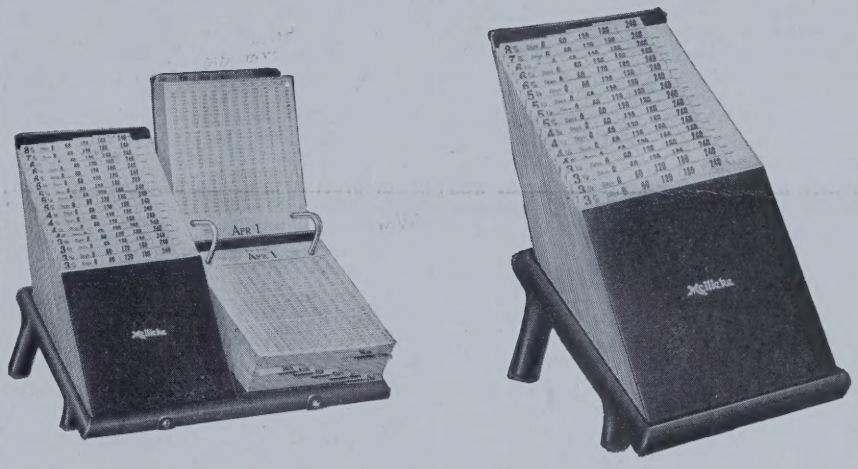
The new forfeitures and penalties are as follows:—

First:—"If the interest or charges in excess of those permitted in this chapter shall be charged, contracted for or received, the contract of loan shall be null and void, and licensee shall have no right to collect or receive any principal, interest or charges whatsoever." (1770 (m) Supplement to Georgia Code of 1922, Acts of Georgia Legislature 1920, page 215.)

Second:—"Any person, co-partnership, or corporation and the several officers and employees thereof who shall violate any of the provisions of Section one (1), eight (8), twelve (12), thirteen (13), or seventeen (17) of this Act shall be guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not more than five hundred ($500) dollars or by imprisonment of not more than six months, or by both such fine and imprison-

Meilicke

Time and Interest Calculators



Lower the Costs That Eat Into Profits

LIKE oil in your car, Meilicke Time and Interest Calculators will make your business go farther, faster, smoother at less expense if you use plenty of them. Your employees spend most of their time getting answers by the scratchpad route. With Meilicke Calculators they flip down a card and instantly enter, post or bill the right amount---proved right. Hundreds of Meilicke Calculators are saving thousands of expensive man-hours for loan companies. The saving is all profit, for the small investment was quickly repaid.

The Meilicke Calculator on the left is a combination time and interest calculator. Turn down the right hand card to the current date, and read direct expired time to any day within a year. Turn down left hand card for that day and read direct interest on any amount for that time. Price $80.00.

The Meilicke Calculator on the right is an interest calculator only. Flip down the card for the expiration date, and read direct the interest to that date on any amount at any rate. Every answer PROVED correct. Approved by all state examiners. Price $40.00. Try either or both of these calculators for thirty days free,

If our Local Agent cannot supply you, shipment will be made from the factory.

MEILICKE SYSTEMS, Inc.

Makers of Time-Saving Devices

3462 N. Clark St. Chicgo, Illinois

ment in the discretion of the court." (1770 Supplement to Georgia Code of 1922. Acts of Georgia Legislature 1920, page 215.)

POLICY OF EMPLOYERS (CORPORATIONS) AS TO THE REGULATION OF WAGE VENDORS

It will be observed, from the above, that the present regulations do not penalize borrowers. The new policy of the law now presumes all small borrowers to be necessitous borrowers; therefore, the law omits penalties on borrowers lest the same be used by usurers in the collection of unlawful profits on loans.

Unfortunately however, a great number of large employers, both corporations, and individuals, are continuing to discharge unfortunate employees entering into loan transactions contrary to the public policy of the State of Georgia. As set out above, and as hereinafter indicated, the policy of discharging employees, victimized by "outlaw" money lenders, defeats the policy of the law which now places all of the blame for unlawful money lending agreements on lenders.

THE PRACTICAL OPERATION OF THE CONFLICTING POLICIES OF THE GOVERNMENT OF GEORGIA AND LARGE EMPLOYERS (CORPORATIONS)—ILLUSTRATED

A Typical Unlawful and Forbidden Agreement and Its Results

The Salary Buyer enters into an agreement with the Wage Earner which exposes him to criminal prosecution. The Wage Earner enters into an agreement which jeopardizes his employment. At this time, thousands of Atlanta's wage earners are signing contracts in violation of the agreement with employers. In so doing, these thousands of Wage Earners are giving to the Salary Buyers of this City a means of collection, which might be compared with "blackmail."

Herein below set out are the typical negotiations as described above, between a typical salary buyer, and a typical Wage Earner relative to the customary printed contract as set out in Exhibit "B."

OFFICE OF THE WAGE BUYING CORPORATION

June 12, 1927

Mr. Wage Earner: "This is the 12th of June. My wages from the X Railroad come due on the 15th. I will be paid $50.00 on the 19th, can you let me have $10.00?"

Mr. Salary Buyer: "O Yes! Sign this paper (see Exhibit "B") calling for $11.00 of your May wages due you on the 15th."

Mr. Wage Earner: "Well, I will sign it provided that you will not present it to the X Railroad. Under the Acts of the Georgia Legislature of 1919, page 388, the railroad pays me every two weeks, the equivalent of the wages earned the two weeks previously. The Railroad will fire me if you demand my wages on any paper."

Mr. Salary Buyer: "That's all right. Sign this paper,—then go ahead,—collect your wages as usual,—come around after the 18th when you are paid and pay me $11.00 covered by this paper."

(The Wage Earner signs a printed contract of assignment identical to that set out in Exhibit "B.")

June 19, 1927

Mr. Wage Earner: "Here's your $11.00. I would like to get $10.00 back again."

Mr. Salary Buyer: "All right, sign a new paper for $11.00 just like you did before, covering your wages from the first of June to the fifteenth."

Mr. Wage Earner: "Well, I will sign with the same understanding,—that you will not present this assignment to the X Railroad. I will draw my wages and pay you."

Mr. Salary Buyer: "That's all right, I will keep it. Come in sometime after next pay day and hand me $11.00. Here is $10.00, you can carry it this way as long as you like."

(The Wage Earner signs the identical printed instrument as set out in Exhibit "B," with different dates etc.)

July 4, 1927

Mr. Wage Earner: "Here is your $11.00. I want to do just as I have been doing."

Mr. Salary Buyer: "All right, sign a new paper like you did before."

July 19, 1927

(The same transaction is repeated. The Wage Earner leaves $11.00 with the Salary Buyer and received $10.00.)

August 4, 1927

(The same transaction. Leaves $11.00 and gets $10.00.)

August 19, 1927. (The same transaction.)

September 4, 1927. (The same transaction.)

September 19, 1927. (The same transaction.)

October 4, 1927. (The same transaction.)

October 19, 1927. (The same transaction.)

November 4, 1927. (The same transaction.)

November 19, 1927

Mr. Wage Earner: "Here is $5.00. It is all I have got. I had to get a watch from the railroad commissary, and I am short $5.00. Take this and apply it to my account here."

Mr. Salary Buyer: "You have no account here. You collect $11.00 of our money yesterday. Kindly get it up as you agreed November the 4th."

Mr. Wage Earner: "Why not take $1.00 and renew as you have been doing?"

Mr. Salary Buyer: "That is against the law. We must close every transaction before starting a new one. We demand our money. If you don't pay to-morrow, we will run a 'time Order' against you."

Mr. Wage Earner: "I don't know about the law, all I know is that I owe you $11.00. You promised not to run that time order against me. If you will give me until pay day, I will close out the whole matter."

November 20, 1927

OFFICE OF THE PAYMASTER OF THE X RAILROAD COMPANY

Mr. Salary Buyer: "Here is a copy of an assignment of wages by one of your train men calling for $11.00 of his wages earned from November first to fifteenth."

Mr. Pay Master: "We don't honor 'partial assignments' to secure a loan."

Mr. Salary Buyer: "This is not to secure a loan. This is a straight 'bona fide' 'time order.'"

Mr. Pay Master: "Makes no difference. This man draws $50.00. You will have to present a 'time order' for all of the $50.00 or we can't honor your claim."

November 21, 1927

(On this date the X Railroad was sued by the Wage Buying Corporation for non-delivery or conversion of the wages called for by the assignments.)

November 22, 1927

(On this day the Wage Earner was suspended.)

The Unlawful and Usurious Interest

Under the above typical contract, the Salary Buyer has taken, on June 19th, July 4th and 19th, August 4th and 19th, September 4th and 19th, October 4th and 19th and November 4th the total sum of $10.00 as charges "on a loan, use or forbearance of money, goods or things in action of the sum to-wit—of $10.00,—when the proper interest on such an advancement of money could be not greater than $1.86 for a similar period of time under the said Act (The "Uniform Small Loan Law") permitting a maximum charge of three and one-half per cent. per month.

The Salary Buyer has taken the above discounts on wage assignment as collateral security at the rate of 240% per year, or 20% per month,—when, under the "Uniform Small Loan Law of Georgia," the greatest possible rate of interset is three and one-half per cent. per month under certain rules and regulations.

THE ARBITRARY PENALTY BY THE EMPLOYER OF SUSPENDING EMPLOYEES ON ACCOUNT OF WAGE CLAIMS, SUSTAINS RATHER THAN DISCOURAGES THE UNLAWFUL PRACTICE AND DEFEATS THE NEW POLICY OF THE LAW

All usury laws were enacted for the purpose of protecting necessitous borrowers. The usury laws above quoted, if enforced, would undoubtedly partially prevent the evasion as above set out. However, for the past several years, there has been no enforcement, and practically the only penalty or forfeiture resulting from such transactions, although against the policy of Georgia law, has been a loss of employment by hundreds of Wage Earners on account of the same. This notorious loss of employment, through entering into the above transaction, has caused thousands of Wage Earners transacting business with the Salary Buyers, to place their obligations to the Salary Buyer before their obligations to any other creditors. The prompt and absolute payment to Salary Buyers of the required discounts to save employment with employers, seeking to discourage the practice makes the Salary Buying business a most lucrative vocation.

It is easily estimated that the business cost of the companies (set out in exhibit "A") run into a round sum of one quarter of a million dollars per annum, supported as above set out, by advances on small amounts at the minimum rate of twenty per cent. or forty per cent. per month.

If the actual cost is so great—then the total earnings through the evasion above described must total over a million dollars every year, in Atlanta alone. Nor does this include the economic damage to the community from loss of employment.

EMPLOYERS ARE NO LONGER SUSTAINING THE UNLAWFUL CONTRACTS OF THE BUSINESS BY PENALIZING EMPLOYEES, BUT ARE ENFORCING THE LAW FIRST AND COMPANY RULES SECOND

It is believed that as soon as employers are advised by attorneys that the Un-

orm Small Loan Law of Georgia, above uoted is, first,—a remedial statute, 147 'ederal 538; 261 Penn. St. 129; 24 'alif. 97; 160 Indiana 348; and,—Sec- nd, makes a plea of usury on sale of vages to secure loans available to the mployer as well as to the employee; \tlanta Fin. Co. vs. Southern R. R. Co., 5 App. 663; 34 S. E. 147—That em- loyers universally will coöperate with he State of Georgia in resisting such ontracts and dishonoring them before aking disciplinary action against em- loyees

There are from four to seven hundred Salary Buying Corporations operating in he United States, with headquarters in \tlanta, dealing principally with railroad mployees. In Chicago, the treasury and aw departments of the great railroads perating there, have reversed the ancient olicy of discharging employees who be- ome involved in this particular type of usiness. Now under the laws in effect here (Illinois), practically identical with hose in Georgia, railroads contest the alidity of these claims before discharg- ng employees. It now appears that no Salary Buying offices are operating among he Industrial Wage Earners there.

Employers May Refuse To Accept Practically All Assignments As Being Partial Assignments

Unquestionably, the X Railroad nor any employer is under any duty to honor a demand from the Wage Buying Corporation on a partial assignment of wages. The Wage Buying Corporation can only require the railroad to pay the wages into court in an equitable suit for a division. Shearer vs. Shearer, 137 Georgia 51 (72 S. E. 428). To enforce fractional assignments,—acceptance must be shown. Rivers vs. Wright, 117 Ga. 80 (43 S. E. 499).

Employers Now May Plead Usury. It Is No Longer A Personal Plea

Any employer when sued on such a claim can set up a plea of illegality for usury as outlined under Section 5790 of the Georgia Code of 1910 as follows:—

Section 5790. Void Instruments. "Parol evidence is admissible to show that the writing was either originally void, or has subsequently become so."

This latter section sets out the common law of all the States. It was applied in the Georgia Supreme Court, in a typical case in April, 1926, to-wit, Flood vs. Empire Investment Company, 36 Ga. App. 266 (133 S. E. 60). Quoting Brown vs. Bonds, 125 Ga. 858 (54 S. E. 946), Judge Bell said:—

"It is always permissible to show that the paper is but a cover for usury, penalty, forfeiture or other illegal advantages, for if the law did not sedulously disregard forms and seek for substance, nothing would be easier than the evasion by giving innocent names to prohibit Acts"

The facts of the Flood case are almost identical with those set out in the above negotiations. That form of transaction is used by practically all Salary Buyers in Georgia to evade the "Small Loan Law." Juries in their discretion, may declare the same void if they believe the transaction to be a loan and usurious. Davis vs. Atlanta Finance Co., 160 Ga. 785 (129 S. E. 51); McLamb vs. Phillips, 35 Ga. 210 (129 S. E. 670); Bennett vs. Bennett, 161 Ga. 944 (132 S. E. 526).

Consequently illegality being the plea, it is obvious that similar and contemporaneous transactions between other Wage Earners and the Wage Buying Corporation are admissible in evidence to illustrate the illegal and unlawful intentions of the contracting parties. Bottomley vs. U. S., 1 Story 136; Penn. M. L. Ins. Co. vs. M. L. B. & T. Co., (1896) 72 Federal 422; Nacona Nat. Bank vs. Bolton, 133 S. E. (Tenn.) 242).

Moreover, the Wage Earner could testify as to his intention in the particular transaction where usury is involved:—

(Peightal vs. Cotton States Building Co., 26 Texas Civil App. 393) (Feb. 27, 1901) (61 S. E. 421).

"Where the motive or intention actuating a party is the subject of inquiry, a witness may testify what his motive or intention was, and the rule applies where the question of usury is involved." See also Davis vs. Marvine, 54 N. E. (N. Y.) 704.

It would seem that the Wage Buying Corporation could be prosecuted criminally as for a misdemeanor on account of the particular transaction and all similar contemporaneous transactions would be admissible evidence for the State in a criminal court. 8 App. 413 (69 S. E. 310); 9 App. 834; 120 Ga. 485; 11 App. 329; 141 Ga. 247; 100 Ga. 41; 4 App. 70.

No Supreme Court Cases Support Usury

The Salary Buyers in suit upon such a claim, as above set out, as against the X Railroad, will cite a list of Supreme Court decisions, apparently supporting the legality of the Salary Buying business. It should be remembered that these decisions were obtained:—

First.—Before the new public policy, as set out in the "Uniform Small Loan Law" of 1920, came into existence.

Second.—On cases where Wage Earners were poorly, or inadequately represented in the lower courts,—

A. As to pleas of usury.

B. As to presentation of evidence as to the plea.

C. As to presentation of "appeal briefs" or

Third.—In several instances, the cases boasted of by the Salary Buyers were prepared and presented on "assumed or agreed" statements of facts not supporting pleas of usury and precluding every decision by the Supreme Courts, except, that "It is possible to make an absolute and 'bona fide' sale of wages in Georgia." Not until recent months have Wage Earners in Georgia had adequate presentations of "pleas of usury" to the Georgia Supreme Court. (See Flood vs. Empire, and late cases above cited.)

Bona Fide Salary Buying Business—Impracticable Because Unprofitable

Everybody knows as a matter of common ordinary business calculation that the Salary Buyers set out in Exhibit "A," cannot conduct a "Bona fide" wage purchasing business at a profit, because, as above stated, the Acts of Georgia Legislature of 1904, page 79, Section 3456, Georgia Code of 1910, only permits rates of discounts already set forth, viz,—

$0.50	from	$1.00	to	$5.00
0.70	from	5.00	to	10.00
1.00	from	10.00	to	20.00
1.50	from	20.00	to	35.00
2.00	from	35.00	to	60.00 etc.

It is obvious that until a greater rate of discount than above set out is prescribed by law, the Salary Buyer must negotiate with customers on the renewal basis which automatically forces his contracts under the penalites and forfeitures of the Georgia Law (Uniform Small Loan Law). See decisions previously cited. Page one (1) this article.

Moreover, under the prevailing prescribed rate it is unprofitable and almost impossible to buy wages or salaries, either with the relation of (1) vendor and vendee or (2) when the relation of borrower and lender exists, for the reason that the amount of wages available under existing contracts for discount or security, are always negligible and fractional under the acts of the Georgia Legislature of 1919, page 388, requiring large employers to pay wages weekly or bi-weekly.

All Regulations Have Been Declared Constitutional

This "Uniform Small Loan Law" has been declared constitutional. See Badger vs. State, 154 Ga. 443.

See also Wright, et al., vs. Baltimore & Ohio Railroad, et al., 146 Maryland 66, as to regulations of salary buying, which prohibits the business.

There is no question but that the State of Georgia, or any State might prescribe any civil or criminal punishment for the violation of laws protecting borrowers.

The Uniform Small Loan Law of 1920 Has Increased the Penalty of Usurers

There seems to be no increase in the criminal penalties provided by the "Uniform Small Loan Law" of 1920. However, where loans of less than $300.00 are involved, it is obvious that Georgia law not only forfeits interest but, as above set out, in Section 1770 (m) of the Civil Code of Georgia, forfeits both principal and interest.

Conclusion

The ultimate fact is that the State of Georgia has the power to discourage loan sharkery by nullifying all contracts of all parties engaged in such enterprises against the public policy of the State.

To this end, the "Uniform Small Loan Law,"—

1. Places the lender under certain disabilities as a party litigant,—Jobson vs. Masters, 32 App. 67. Acts of Georgia Legislature, 1920, page 215. (This states as party being licensed, bonded, inspected, etc., and holding evidence of contract rights under stipulated and prescribed forms etc.)

2. Fixes a maximum consideration for services rendered as an industrial lender, to be calculated only upon unpaid balances, excluding all other charges, the equivalent of approximately 21% interest per annum. (Same cause.)

3. Prescribes new penalties and forfeitures for usury between such parties on lending contracts involving such amounts by,

a. Invalidating the obligation of the contract. Act of 1920, page 215, Sections 13 and 17. Davis vs. Finance Co., 160 Ga. 784; Atlanta Fin. Co. vs. Fulwiler, 188 Ga. 864.

b. Rendering the same not only unenforceable, but void. McLamb vs. Phillips, 34 App. 210 (129 S. E. 570).

4. Places the burden on the lender in all instances. Fed. Inv. Co. vs. Ewing, — Ga. —, Dec. 22, 1927.

Not only can the claim of the salary buying corporation, as above set out be defeated, but it is consistent with the general policy of the Georgia law as to the obligation of contracts entered into to promote immorality, fraud, or usury, to authorize the recovery of all interest paid.

This is on the theory that where a law forbids anyone to do a certain thing without procuring a license, and provides a penalty for violating the Act, anyone is not protected for failure to take out a license, but shall be held liable to the full penalty fixed in said act for any violation thereof. McLamb vs. Phillips, (128 S. E. 570), 34 App. 210.

Under the above decision any lender who has violated any section of the Act of 1920 who received any amount whatsoever, received said amount on a void contract, illegally and does necessarily wrongfully appropriate property to his own use.

In case where a person wrongfully appropriates property to his own use, he is liable under an Implied in law or quasi or constructive contract to pay for such property. Mobile Light Co. vs. Copeland, 73 S. E. 131; Hambly vs. Collier, 136 Ga. 309.

The Recovery Is Not Limited to One Year

In cases where one man has obtained money for another by oppression, extortion or deceit, an Implied in law or quasi or constructive contract arises to pay this amount back. Nor is the plaintiff limited to one year in such recoveries.

Section 4362 reads as follows:—

"All action upon open accounts, or upon any Implied assumpsit or undertaking shall be brought within four years after the right of action accrues."

Section 4368 reads as follows:—

"All other actions upon contracts express or implied not herein before provided for, must be brought within four years from the accrual of the right of action."

Section 4496 (a) reads as follows:—

"All suits for the recovery of personal property or for damages for the conversion or destruction of the same shall be brought within four years after the right of action accrues and not afterwards."

The Wage Earner, under the above stated facts, is not limited to Section 3441 of the Civil Code of Georgia as to any recovery he may seek, but is governed by the common law rules in force in Georgia today. 77 Ga. 362; Parker vs. Fulton B. & L. Association, 42 Ga. 451; (L. R. A. 1918-B—585 N.)

The courts have always authorized recovery of loans or expenditures on contracts affected with immorality, fraud, or usury on the theory of (1) the sanction or knowledge of the party receiving the money. (2) The plain prohibition of remedial statutes; (3) On the notorious circumstances of duress, coercion under which usurious contracts are made and enforced.

1. You can't rely on a truthful plea if it sets out an immoral agreement as that of promoting lewd houses. L. R. A. 1917-B, page 1168. Citing 141 Ga. 456. (81 S. E. 196).

2. It seems that the plain prohibition of the act is sufficient to deprive persons seeking to utilize prohibited contracts from any benefits thereof. 18 Ga. App. 444. (89 S. E. (Ga.) 592). There the court simply referred to Acts without discussing objects thereof.

3. Even if the argument be made that it is inequitable for a party to seek to have both the benefits and recovery after benefits—the courts have brushed this aside upon any showing of usury under circumstances of a contractual inequality. The fact of voluntary payments seem inconsistent with the payments of usury. Especially see 142 Ga. 91. (82 S. E. 482). Generally 39 Cyc. 1032.

EXHIBIT "B"

$..... Atlanta, Ga.,.....

For the value received, I hereby sell to the "Wage Buying Corporation," doing business in the City of Atlanta, Georgia, an undivided interest in my account for salary or wages already by me earned from ..... the ..... day of ....., 192 , to the ..... day of ....., 192 , in the capacity of ..... said interest amounting to ..... dollars, and due me by .....

This sale and assignment is made with the distinct understanding that the purchaser and assignee assumes all the risk of loss that may now exist or hereafter arise, on account of said party, firm or corporation, to whom this is directed, being or becoming insolvent, or for any cause failing to pay said account, the money above described. And the buyer and assignee of said account, pays for the same on the positive condition that in case of the death of the undersigned sellor and assignor before the collection of said money, that the title of said account (the money) reverts to the estate of the undersigned, sellor and assignor. All of said risk the buyer and assignee herein assumes.

This is an absolute and unconditional sale of an undivided interest in said account, the money above described; is not a loan or advancement of money, I am not a debtor to the purchaser; this is an original transaction, and is not a renewal.

In order to induce "Wage Buying Corporation" to make the purchase of said undivided interest in said account, the money herein described, I hereby state and warrant to be true, that I am employed by said employer, in the capacity above stated, that I was so employed during said time, and while so employed I earned as salary or wages the said amount.

I hereby direct my said employer to pay "Wage Buying Corporation" said amount. I hereby authorize the purchaser of this account, in my name and stead, and as my attorney in fact, to sign my name to any and all checks, vouchers, receipts and acquittances necessary and proper to be signed in order to collect said account, the said money, and to evidence the payment of same.

It is understood by the undersigned that the said buyer has the option of notifying the party, firm or corporation to whom this is directed of the fact of this sale of money having been made to said buyer at any time said buyer may choose to do so.

Bonded and licensed to buy salary or wage accounts by the State of Georgia.

Given under my hand and seal the day and year above stated.

A duplicate of this bill of sale and of the entry in the book in which this is recorded is by me waived.

.....L. S.

THE MONEY SHARK EVIL

There are few greater evils rampant in Atlanta today than the illegal loan shark, or the salary buyer. His continued existence is a disgrace to the city and a direct violation of the laws of the state.

The Junior Chamber of Commerce cannot be too highly commended for its vigorous campaign to wipe out the cancer of the usurious salary buyer and loan shark.

The efforts of this civic body towards eliminating the damnable parasites who bleed the white, the struggling, necessitous small borrower should be strengthened by the full power of every organization, corporation and individual who feels the touch of civic pride, or even mere selfish interest in the well-being of the community.

The senior organization is likewise to be heartily praised for its wholehearted support of the junior chamber in this campaign.

It is only by taking advantage of ignorance as to the laws of the state, on the part of both the borrower and his employer, that the salary buyer is able to pursue his nefarious business in Georgia. It is only by the unwitting aid of his victims and their employers that he is able to continue his illegal operations, to contravene the direct purpose of the laws of the state and to commit, in every transaction, a crime which is punishable by fine and imprisonment, as well as by forfeiture of both interest and principal of the money involved.

The junior chamber has just given wide distribution to a pamphlet prepared by J. L. R. Boyd, general counsel of the Atlanta Legal Aid society, which will do much toward the permanent scotching of these financial vampires of the community. The publicity involved in this distribution should familiarize every employer with the law on the matter and should end forever the unwitting partnership with loan sharks which many employers have accepted.

"The arbitrary penalty by the employer of suspending employees on account of wage claims sustains rather than discourages the unlawful practice and defeats the new policy of the law," Mr. Boyd points out.

The pamphlet does not undertake to arouse sentiment or to retell individual tragedies caused by the heartless bleeding of the loan sharks' victims. It is not written in the phraseology of the emotionalist or couched in the language of the irresponsible "reformer."

It is a carefully prepared, analytical, legal summary of the laws of the state dealing with the situation and definitely expounds the legal methods which must be followed if the evil is to be scotched.

Most striking of all the information contained, perhaps, is the declaration that the employer of the salary buyer's victim may refuse to honor the assignment of wages and may enter a plea of usury against the holder of the paper. In fact, the booklet clearly shows that when employers do not follow this course, but discharge workers who are caught in the tentacles of the usurious loan agent, or otherwise aid in the enforced collection of illegal debts, they are working directly into the hands of the salary buyers and are violating the full spirit and intent of the law of the state.

Citing a recent decision by Judge Bell,

of the Fulton superior court, the pamphlet says:

"It is always permissible to show that the paper is but a cover for usury, penalty, forfeiture or other illegal advantages, for if the law did not sedulously disregard forms and seek for substance, nothing would be easier than the evasion by giving innocent names to prohibit acts."

The pamphlet shows that it is by means of constantly repeated transactions involving the same loan, common practice for these salary buyers to exact interest from their victims at the rate of 20 per cent per month, or 240 per cent per annum, whereas the law of the state expressly forbids, on any loan, interest greater than 3½ per cent per month.

Employers should refuse to honor usurious salary assignments when presented by professional salary buyers. By such refusal, and by entering a charge of usury if the case is taken to the courts, they can quickly and effectively end the ravages of the loan shark among the small borrowers of Atlanta.

For, with proper legal advice, it is easy, in almost every such case, to prove usury and the penalties prescribed under the law are such that the salary buyer will promptly be put out of business.

Those penalties include forfeiture not only of the interest involved, but of the principal also. They also carry the possibility of conviction of a misdemeanor, with possible fine of $500 and jail sentence of six months.

It is up to the larger employers of the city to decide whether or not the salary buyer, with his iniquitous usury practice, shall be estopped from prosecuting his nefarious trade among the wage earners of Atlanta.—*Atlanta Constitution* 1-15-28

NEW MEMBERS

Add these to your 1927 Year Book:—

Atlanta Small Loan Co., 300 Forsyth Bldg., Atlanta, Go.

Martin S. Kissel, Brook Theatre Bldg., Bound Brook, N. J.

Lynn Remedial Loan Society, 23 Central Ave., Lynn, Mass.

New Jersey Cash Credit Corp., 5 E. Palisade Ave., Englewood, N. J.

Personal Finance Co., 638 Hohman St., Hammond, Ind.

Household Finance Corporation, 515 Security Bldg., Sheboygan, Wis.

Household Finance Corporation, 303 W. College Ave., Appleton, Wis.

Household Finance Corpration, Public Ave. & Pleasant St., Beloit, Wis.

Household Finance Corporation, 104 S. Main St., Fond du Lac, Wis.

Household Finance Corporation, 520 58th St., Kenosha, Wis.

Household Finance Corporation, 610 First Natl. Bk. Bldg., Oshkosh, Wis.

Household Finance Corporation, 423 Main St., Racine, Wis.

Popular Finance Corp., 212 Wirthman Bldg., Kansas City, Mo.

Colonial Finance Service, Inc., 24 S. 16th St., Philadelphia, Pa.

Security Loan Co., P. O. Box 1222, Lancaster, Pa.

The Capitol Loan Company, 503 Barlum Tower, Detroit, Mich.

The Capitol Loan Company, 202 Central Natl. Bank, St. Louis, Mo.

The City Finance Co., 231 Paul Brown Bldg., St. Louis, Mo.

Colonial Finance Co., 516 First Huntingdon Natl. Bk. Bldg., Huntington, W. Va.

RHODE ISLAND

The regular meeting of the Rhode Island Industrial Lenders Association, was held at the Biltmore Hotel, Providence, R. I., on Thursday, January 19, 1928, at 7:30 p. m.

Chairman Neal presided.

The following members responded to the Roll: Chester Neal Company, Mutual System Company, American Loan Company, Personal Finance Company, Citizens Finance Service Co., New England Equity Corp., Household Finance Corp., Union Finance Company, Beneficial Loan Society, Providence, R. I.; American Loan Company, Mutual Loan Association, Pawtucket, R. I.; American Loan Company, Woonsocket, R. I.; Mutual Service Association, Newport, R. I.; National Loan Company, Pawtucket, R. I.; Economy Investment Company, Auto Owners Loan Company, Ideal Financing Association, Providence, R. I.; National Equity Company, Woonsocket, R. I.

Treasurer rendered his report showing an itemized list of bills paid. It was moved and seconded to accept his report.

The Special Committee consisting of Messrs. Rich and Findlay delegated to contact delinquent members reported progress and it was agreed to give this Committee further time to finish their work.

The Constitution and By-Law Committee reported progress—Motion was made by Mr. Wood to hold a special meeting to act upon the adoption of a New Constitution and By-Laws, now being prepared by this Committee. This meeting to be called at the discretion of Secretary.

A Special Committee formed for the purpose of contacting a certain Radio Announcer of a Broadcasting Station reported. It was moved and passed to discharge this Committee with thanks.

Law and Legislation Committee, consisting of Messrs. H. G. Neal, W. G. Wood and G. F. Lewis, reported progress. Their work was approved and the Committee complimented by unanimous vote of members present.

A copy of a letter from Mr. Leon Henderson, sent to National Secretary, George W. Kehr, asking for suggestions as to changes in the Uniform "Small Loan Law" was read.

A $100,000 Book Is Yours For $2.50

One of the leading executives of the Industrial Loan Business said in 1925, "This book *Usury and Usury Laws* is worth $100,000 to the Small Loan Business." Another man, a vice-president of one of the leading chains of loan offices said in 1927, "It is impossible to estimate the value of *Usury and Usury Laws* in building up good will for the Business and educating the public."

It is serious error for any man in the Business to attempt to get very far without studying and mastering this book.

1. It contains excellent selling points for selling your stocks and bonds.

2. It gives the basic principles of which all personal loans are made.

3. It explains the legal principles of all kinds of laws which limit interest rates on loans.

4. It shows you how to answer the objections of prospective borrowers who object to the legal rate.

5. It is most excellent compendium of cases and arguments on small loans. In any law suit it will be of great value to any litigant. This book has been cited in three different trials and has influenced legislation in several states.

It gives you a mastery of the economics of the small loan business.

Order your copy today for $2.50 postpaid from

AMERICAN INDUSTRIAL LENDERS ASSOCIATION

P. O. Box 778, Harrisburg, Pa.

Secretary was instructed to write Mr. W. A. Kefauver to address us at next meeting on the benefits of joining the Providence Retail Credit Managers Association.

Motion made and seconded that a Resolution be drawn by Law and Legislation Committee protesting against any changes in the Small Loan Law and that said resolution when drafted, be sent to our Attorney for approval.

Resolutions were adopted on the death of Mr. Francis A. Pomfret, Mr. G. W. Delaney's Mother and Colonel Clarence Hodson. Secretary was instructed to send a copy of the resolutions to the members of the bereaved families.

E. LaGueux, *Sec.*

ASSOCIATE MEMBERS

The constitution and by-laws adopted last September by the A. I. L. A. in Indianapolis provided for a new class of members called "associate members" who are defined as, "all persons, firms, associations and corporations *not* actively engaged in the small loan business but who subscribe to and advocate the purpose of this association shall be eligible to associate membership." The annual dues for associate membership are ten dollars and are payable in advance February first.

Already three applications for this class of membership have been received by the secretary and many more should come in before long. This membership gives attorneys, public officials, welfare workers, investment bankers, directors of corporations, etc., not actively engaged in the industrial loan business an opportunity to be identified with the A. I. L. A. if they come within the scope of the membership as above defined.

MEETING SCHEDULE

MARYLAND—Frederick, February 8.

MASSACHUSETTS—Boston, February 15.

WEST VIRGINIA—Charleston, February 23.

RHODE ISLAND—Providence, February 27.

NEW JERSEY—Newark, March 22.

MICHIGAN—Lansing, April 19.

ILLINOIS—Chicago, April 26.

GEORGIA—Atlanta, April 27.

PENNSYLVANIA—Scranton, May 9.

MISSOURI—St. Louis, May 10.

INDIANA—Indianapolis, May 16 and 17.

MICHIGAN — National Convention, Grand Rapids, September, 19, 20, 21.

Why We've Moved To Larger Quarters—

Frankly, because we are a success. Success means expansion. A year ago such an idea would never have occurred to us. We then thought we had sufficient space to meet our needs for some years to come. But the inevitable happened—Success came to us—our enrollments increased from 350 to 1,100 students. Our activities expanded. Suddenly, we were in urgent need for more space, larger, more comfortable quarters. And so we moved from 468 Fourth Avenue, New York City, to the new Court Square Building, 2 Lafayette Street. To you and all our friends we extend a cordial invitation to visit us any time you are in the city.

We say all this was inevitable because Success is inevitable to any person or organization that furnishes efficiently, a needed public or professional service. This, the Institute has done for the industrial loan business by a nation-wide education in loan office management of over half the total number of lenders in the country.

Many lenders have their entire personnel enrolled and receive monthly reports indicating the loan knowledge of their employees, thus greatly simplifying the problem of filling new and responsible positions. The Institute's files are strictly confidential depending upon the wishes of the student. Lessons are supplied over a period of ten months. An expert staff corrects, grades and returns lessons answered. The cost is small, payable in monthly instalments or on a cash discount basis.

Success will likewise be inevitable for you, as it was for us and for our graduates, once you enroll in the Institute and learn the new methods of practical loan office operation. If the Institute succeeded in aiding others to be successful, it can aid you. Send for free information.

Industrial Lenders Technical Institute
(Formerly at 468 Fourth Avenue)
Court Square Building, 2 Lafayette Street, New York City
Approved as a Correspondence School Under the Laws of the State of New York

INDUSTRIAL LENDERS TECHNICAL INSTITUTE, INC.,
Court Square Building, 2 Lafayette Street, New York City.
Gentlemen: Please send me without obligation, information about your course in loan office management.
Name .....
Street and Number .....
City and State .....

Money Talks
The World's Smallest Financial Journal
Published for the men who are busy broadcasting for business.

Steadily Growing

The Industrial Lenders Advertising Service is steadily increasing the number of its subscribers because of its well-merited reputation for result getting ideas and copy.

More and more Industrial Lenders are solving their advertising problems with this service. They realize that it is more profitable to utilize all of their valuable time toward increasing the efficiency and productiveness of their office and let experienced advertising men, who know their problems, do their advertising for them.

We have been preparing result getting advertising for Industrial Lenders for a long time. We are in contact with the Small Loan field all over the country and consequently know what they want in the way of constructive advertising. Many of their ideas are most invaluable to us. All of this experience and these ideas are incorporated in our Industrial Lenders Advertising Service so that it covers every phase of your business.

The $5.00 a month which this service costs is not an expense—it is really an investment which is paying big dividends.

Let us tell you about our ideas for making 1928 more profitable for you. A postal card will place us at your service without obligation.

A. R. Winter

N. A. WINTER
Industrial Lenders Advertising Helps
DES MOINES, IOWA

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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

THE LIBRARY OF THE
MAR 14 1928
UNIVERSITY OF ILLINOIS

Vol. XII, No. 9. MARCH, 1928. Price, $1.00 a year.

THANK YOU

The National Secretary appreciates the prompt manner in which most members responded with checks for dues last month. In turn, his office has tried to return receipts and issue membership certificates promptly, but engrossing several hundred certificates by one artist takes pains and time so any member who has paid his dues but may not yet have received his membership certificate need not be alarmed as the certificate will be sent as soon as possible.

Although it may be a little early to draw conclusions with respect to the existing arrangements for dues, the present condition is not at all encouraging as the new plan to date has produced about forty per cent less revenue than the old plan and indicates now a doubt in the minds of the executive committee whether it will be ample to liquidate past obligations and provide sufficient income to meet current obligations.

Fortunately, a number of members to whom the matter was referred in the hope of relief were generous enough to increase their dues about forty per cent or the equivalent of what they would have paid under former provisions. Included in the list who have paid more dues for their offices than their constitutional requirements are all the offices of the Household Finance Corporation, the Community Finance Service, W. A. Zumpfe, T. J. Harrison, Fred B. Snite and L. H. Heywood. The prospects now are that the matter will have the attention of the National Executive Committee when it meets in New York in May, and that a recommendation will be made to the next National Convention to increase the dues to what they formerly were, if a better solution cannot be found to meet the association's needs. G. W. K.

BONDS ARE FORFEITED IN INTEREST CASES AFTER LEGAL TANGLE

Bonds of $500 each posted for P. P. Jackson, Z. V. Lacey, C. E. Crowe, the Salary Investment Company, and C. E. Jarvis, Jr., were declared forfeited Thursday morning by Judge Jesse M. Wood of the criminal court of Atlanta, and the cases ordered set for rehearing, when neither the defendants nor their lawyers appeared in court to answer charges of exacting illegal interest.

Attorneys for the defendants filed demurrers early this week in Judge Wood's court, claiming that the defendants operated legally, and asking that the cases be thrown out of court. When Judge Wood declined to dismiss the cases, the attorneys appealed to Judge E. E. Pomeroy, of the Fulton superior court, who sanctioned writs of certorari staying the trial.

Officers of Judge Wood's court appeared before Judge Pomeroy Thursday morning and had Judge Pomeroy revoke his order, so that the cases would come up for trial on Thursday as previously scheduled.

Jackson faces accusations in four cases, Lacey and Crowe in two cases, and the Salary Investment Company and Jarvis are jointly accused in the same case.—*Atlanta Journal, Feb. 28.*

BAD BILL COLLECTOR

With the vast increase in the use of various instalment, deferred payment and credit plans have come added collection difficulties. For the few who drop behind in payments and fail to respond to polite and even caustic collection letters, a Pittsburgh firm resorts to a little broadcasting. A man drives to the door in a bright red car carrying a sign in the largest possible letters, "Bad bill collector."

LOAN SHARK INQUIRY BY LEGISLATURE TO HALT USURY IS LIKELY

Ottinger's Power Is Limited; Banking Law Amendment Proposed to Drive Salary Grafters Out of Business

(A Staff Correspondent.)

Albany, Feb. 17.—A legislative inquiry into operations of "small loan sharks," whose toll on wage earners in the state is placed as high as $25,000,000 annually by some authorities, is in prospect as a result of preliminary discussions begun yesterday among railroad officials, labor leaders, welfare workers and representatives of Attorney General Albert Ottinger.

The purpose of the suggested investigation would be not only to drive the loan sharks out of the state, but also to devise statutory means of immediate relief for the small wage earner without collateral to bind a needed loan.

A second conference of those interested took place today in Mr. Ottinger's office with the Attorney General represented by Deputy Attorney General Davis, who has been ordered to devote his whole time to the subject. It has been discovered that the scope of any inquiry which the Attorney General himself could make would be too limited.

The committee considering ways and means of getting at the problem already has under way an amendment to the state banking law which would make it a misdemeanor to purchase a salary account of less than $300 at a discount charge exceeding 5 per cent. By this means it is expected to bring the loan sharks within the scope of the usury laws, violation of which would subject them to fines of $500 for each offense or a year in jail or both.

Leon Henderson, representing the Russel Sage Foundation, told the conference that he estimates there are 1,000 individuals and corporations in New York City alone engaged in money lending in violation of the law.—*N. Y. Sun, 2-18-28.*

BRITISH LOAN SHARKS NOW FACE RESTRICTIONS UNDER THE LATEST LAW

London, Jan. 17.—Severe statutory restrictions are imposed on money lenders in Britain by an act of Parliament which came into force on January 1.

Before the money-lender can carry on business at all, he must take out an excise license which will cost him $75 yearly. This license must bear his true name. Usually, British money-lenders, whatever their own patronymics, prefer to trade under such names as Colquhoun, Fitzmaurice, Stuart Roslyn, Plantagenet or Montgomery.

And before he can obtain a license, the money-lender must secure from a Court of Law a certificate which will be granted on direct evidence of good character. Apart from this, he will no longer be allowed to circularize his clients through the mails, and even the delivery of an advertisement containing only his name, address and telephone number is prohibited unless the person receiving it has made a written request for the document.

Conditions are also prescribed for the form of money-lenders' advertisements in newspapers, and many other restrictions are imposed on their activities. Interest is limited to 48 per cent per annum.

DECLARES DIVIDEND

United States Trust Company of New York declared a quarterly dividend of 15 per cent, placing the stock on 60 per cent annual basis, against 50 per cent previously. The dividend is payable January 3 to record December 21. Lewis Cass Ledyard, Jr., has been elected a trustee.

INDUSTRIAL LENDERS NEWS

Established 1916.

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NATIONAL OFFICERS, 1927-1928.

President, F. L. Thompson, 8-11 Farmers National Bank Bldg., Shelbyville, Ind.
Vice-President, G. J. Badger, 40 Journal Square Bank Bldg., Jersey City, N. J.
Treasurer, T. J. Harrison, Riviera Theatre Bldg., Waterloo, Iowa.
Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

STANDING COMMITTEE CHAIRMEN.

Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.
Finance, W. P. Woll, 360 N. Michigan Ave., Chicago.
Law, F. R. Hubachek, Esq., 650 Baker Bldg., Minneapolis, Minn.
Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.
Publicity, L. K. Osborne, 1506 Buckeye Bldg., Columbus, O.
Membership, W. S. Herron, 404 Denckla Bldg., Philadelphia.
Vigilance, A. H. Williams, 360 N. Michigan Ave., Chicago.

NATIONAL COUNCIL

Conn.—M. J. Connors, 76 East Main St., Waterbury.
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Pa.—J. G. Bachofer, 18 N. 5th St., Reading.
R. I.—H. G. Neal, 49 Weybosset St., Providence.
Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.
Va.—J. E. Burnett, 119 N. 3rd St., Richmond.
W. Va.—A. H. Knox, 370½ Market St., Parkersburg.
Wis.—F. J. Koehler.

STATE SECRETARIES.

Conn.—A. E. Dejon, 109 Church St., New Haven.
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Ga.—C. A. Dismer, 208 Georgia Saving Bank Bldg., Atlanta.
Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.
Me.—T. M. Fitzgibbons, 209 Clapp Bldg., Portland.
Md.—E. M. Garren, 331 Equitable Bldg., Baltimore.
Mass.—D. J. Cote, 552 Mass. Ave., Cambridge.
Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit
N. H.—E. F. Hurd, 71 West Pearl St., Nashua.
N. J.—V. L. Buchman, Wilkinson Bldg., Trenton.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield
Penn.—W. S. Herron, 404 Denckla Bldg., Philadelphia.
R. I.—E. La Gueux, 76 Dorrance St., Providence.
Tenn.—A. Rohm, 204 Mercantile Bldg., Knoxville.
Va.—L. E. Pope, 507 E. Broad St., Richmond.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.
Wis.—G. A. Kehr, 405 Bartlett Bldg., Milwaukee.

WHAT MAKES YOUR BUSINESS GROW?

By W. V. Cawley,
Manager, Community Finance Service, Wilkes-Barre, Pa.

When laden with burdens and sorrow,
He comes in your office to borrow,
Meet him with a smile, just make it a trial,
To bring to him joy for the morrow.

Remember he like yourself is human,
He trusts you, do likewise with him,
He may be the best of the truemen
But misfortune has slyly crept in.

He comes to you for assistance,
To him your business kindly explain,
Don't intimate any resistance,
"That" never has gathered the grain.

The Class he is in has no bearing,
He had no choice of this you know,
Treat him with kindness and feeling,
"That's what makes your BUSINESS GROW."

TESTIMONIAL

W. R. Dyke & Co.
Goode, Va.

Feb. 10, 1928.

Mr. Long, *Mgr.*
Lynchburg Loan Society,
Lynchburg, Va.

Dear Sir:

You treated me so kindly, and took so much care and pains to explain everything to me, when you made me the loan last month, that I almost fe'l in love with you. Such kindly and genteel manners cannot fail to win much business for your Company, regardless of the "42%."

I gladly enclose money order $13.50. My first monthly payment.

Yours very truly,
W. R. Dyke,
Goode, Va.

ILLINOIS

The regular quarterly meeting of the Illinois Industrial Lenders Association held was January 26, 1928, at 6 P. M. at the Hotel LaSalle in Chicago.

Dinner was served to seventy-seven members and their associates in the Red Room, followed by our business meeting.

Interesting talks were made on advertising by Mr. C. L. Perkins, Classified Advertising Manager of the Chicago *Herald and Examiner*, and Mr. Robert L. Schless of the Financial Advertising Department of the Chicago *Evening American*.

Our president, Al Snite, lef tChicago earlier in the day on the first lap of a cruise on the Carribean Sea and Vice-President B. E. Henderson presided in the chair.

Mr. Charles R. Napier talked to us about bankruptcy cases and the filing of assignment notices and the legality of papers drawn and dated on Sunday or a holiday.

One application was voted upon and accepted for the new down-town office of Local Loan Company, and the members present voted to continue our custom of the past two years by arranging meeting for April 26, 1928, to include an afternoon business meeting followed by a social affair in the evening with a dinner, speaker and dancing.

We have continued President Al Snite's plan to carry a full page educational advertisement once a year in magazines published by the Illinois Chamber of Commerce and the Chicago Assocciation of Commerce.

Watch for detailed announcement for our meeting and party to be held April 26, 1928.

J. H. Sanderson, *Secretary.*

UNIFORM LAWS NOT EASY

Only three States have enacted more than sixteen of the forty-two uniform State laws recommended by the American Bar Association. Even so progressive a State in legislation as Massachusetts has enacted just sixteen. New York has enacted eleven.

More striking, if possible, is the fact that Legislatures have been ignoring these recommendations for uniform laws in larger and larger measure. Recent recommendations have been accepted to only a fifth of the extent accorded to recommendations made fifteen years ago.

This failure to comply with so weighty a recommendation as that of the American Bar Association does not mean that all the States are hopelessly backward or that they are opposed to uniform laws as such. In some States there are settled principles with which the proposed uniform laws are inconsistent. But there is another reason which must often account for their rejection. That is, that they are submitted for adoption in precise language. For a State to write such a law into its statute books without amendment might mean confusion almost as bad as that which the law was designed to end. Some laws, such as the uniform negotiable instruments act, as is pointed out by Mr. Gilbert Montague, chairman of the New York State bar's commitee on uniform laws, need to be identical in language. Most laws for which uniformity is desirable, however, might be uniform in effect without being uniform in phraseology.

Probably we shall have to recognize that in many matters of importance the people of the various States do not see alike. It is thirty-five years since the National Conference of Commissioners on Uniform State Laws was organized. At that time marriage and divorce seemed to be eminently fitting subjects for uniform legislation. They do still. Nevertheless, all efforts to devise a law on these subjects which shall be satisfactory, not to all the States but to any considerable number of them, have failed.

If our laws are to express public opinion, then, so long as public opinion varies from State to State, they will have to be diverse. This situation is at least preferable to an outward uniformity which does not reflect actual conditions.—*New York Post* 1-21-28.

YEAR BOOK

There has been a constant demand for the A. I. L. A. 1927 Year Book from many sources because it contains a lot of authoritative information in regard to small loan laws and includes some valuable papers and addresses on practical subjects given at the last national convention.

Another worthwhile feature is the directory of A. I. L. A. members with their local addresses as the records stood at the time of its publication. Anyone desiring a copy should send a dollar to the secretary, G. W. Kehr, Box 778, Harrisburg, Pa., while the supp'y lasts.

CO-OPERATION AND IMPROVEMENT OF THE SMALL LOAN BUSINESS

By E. L. Shultz, *Manager Household Finance Corp., Pittsburgh*

There probably have been any number of men lecture and write on "Coöperation and the Improvement of Industrial Lending." A lot of their suggestions have been put into practice and a lot more have been disregarded and forgotten.

A number of years ago the man who was engaged in the business of lending money was looked upon with scorn by most people and was generally not accepted as leading a respectable life or doing a legitimate business. This was true in the case of most lenders prior to the passing of the Borrowers' "Uniform Small Loan Law," which was sponsored by the Russell Sage Foundation, and the organization of the National and State Lenders' Associations. There was a time when it was a case of every man for himself and "the devil take the hindmost."

Some of you have probably seen experience in the high rate days and were among the social outcasts classed as a "Loan Shark." Those of you who have been such, need not have any one explain to you or compare the conditions of the present with those of the past.

It is our sole purpose to establish in the minds of the public that we are in a legitimate business and are supplying the needs of men and women who are not financially situated to borrow money on real estate, stocks or bonds. If we are to win public approval we must strive to attain the standards laid down by our State and National organizations and after that we must maintain those standards, if we are to deserve public approval.

A great number of people are as yet uneducated to the type of business in which we are engaged. We do not have enough favorable publicity and we are giving ourselves too much unfavorable publicity which leads to criticism.

We are assisting financially people who are generally honest but are in a position where they need a certain amount of money and can not get it elsewhere. Care should be taken to give the applicant such assistance as a business man would receive from an interview with a bank official. Very often the man who needs two or three hundred dollars gives little thought to how he is going to repay the money and does not think of the hardships involved in meeting his many obligations with a limited salary. We must coöperate with our customers and make our loans in amounts within their ability to pay regardless of the amount of security offered.

Since we are privileged to operate at a legitimate profit we must give some consideration to the man who is considered to be honest and has the ability to pay. It is my theory to be liberal in the extension of credit and to obtain the good will of the customer but not to be so liberal that the loan will result in a delinquent.

It is very often the case in a city where there is an exchange in operation that in order to obtain another customer by paying off a competitor, the applicant will be given a loan greater than an amount which is within his ability to pay. This shows lack of coöperation. The outcome of such cases usually results in the development of a delinquent account and just one more individual who gives us undesirable publicity.

It is often that a customer becomes dissatisfied with one firm because he feels that he has not been given the proper amount of credit or that he has become delinquent in his payment and did not receive the same courteous treatment that he would have been given had he been prompt and had his account up-to-date. He will make application to another firm with the thought in mind of paying off his first loan, but neglects to mention the old account in making his new application. It is often thought that a man is dishonest because he brings about such a situation; such is ordinarily not the case but is simply a matter of self-preservation. Care should be taken to make such an applicant a loan not greater than the amount of his original account or if his application is declined he should be given a proper explanation as to why his account was not desirable and that he should correct the situation with the other firm by bringing his account up-to-date and paying promptly We should obtain his good-will before he leaves the office, and make him realize that good credit is his most valuable asset.

Our advertising should be conservative and in no way suggestive other than to explain our business, terms or service and should be truthful in every respect. We must remember that it is a privilege and a courtesy extended to us when we receive an applicant at our office. He should be handled in a way that will not be embarrassing and should be treated with all the courtesy possible if we are to obtain his good-will and have him speak favorably of our business or of our individual organization thereafter. Too little thought is given to how we would like to be treated if we were in the position of the applicant. If our terms are accepted and the loan is completed, we should continue throughout the life of the loan with the same courtesy and respect that we hope to receive from our customer.

We should make a greater effort to obtain the return of our money without executions of notes or legal procedure such as has been practiced by some organizations. Much of this is being done at present by lenders who are not members of our State Associations and who make loans on endorsed notes, salaries and automobiles. It is not my thought that we should permit the "crook" to go untried or to evade payment of an honest debt should he be in a position to pay; first of all care should be taken to eliminate this sort of business from the start, but the customer who falls into unforseen circumstances after the loan is made should not be forced to do any thing that is not within reason, lest we lose his good will and create more undesirable publicity.

We should coöperate with our competitors as well as with our fellow-business men and be willing to give information that will be of benefit to all for what is good individually is good collectively. We need not hope to gain approval of the general public if we use rather high pressure collection methods which may cause doubt as to our reliability and have a tendency to blemish what reputation we have established.

It is my thought that coöperation and the improvement of the small loan business can be most successfully and effectively carried out within our own offices for if we do not impress our customers with a courteous, cheerful and coöperative atmosphere within our office we can not hope to establish such an opinion in the minds of non-borrowers and the general public.

Douglass Malloch said:

COLLECTION SERVICE THAT PRODUCES

We supply an experienced collection service for all small loan accounts located in the Metropolitan area of New York City, Brooklyn, Long Island, Jersey City and vicinity.

Our personnel is thoroughly experienced. Each member of our staff is trained in loan office detail and is, therefore, well versed in the practice and procedure of small loan collections.

If you have a "skip" known to be in New York City or vicinity, send us the papers and we will get results. We will give you prompt service and furnish you with periodic progress reports. Where we are unable to make a collection, no charge is made.

Write us for information concerning our service and rates.

FREDERICK FISCHER COMPANY, Inc.

Court Square Building, 2 Lafayette Street, New York City.

An office is a funny thing: Each morning
certain men
And certain girls and certain boys come
into it again
And hang their coats on certain pegs, their
hats on certain hooks,
And sit them down at certain desks in
front of certain books.

They all have certain work to do in just
a certain time,
Concerning certain dollars for a certain
fixed per diem;
And then at just a certain hour, in sun-
shine or in rain
They close their desks and hurry out to
catch a certain train.

An office is a tragic thing when that is all
there is,
When each one has his certain work and
certain way of his,
And wallows in a certain rut and never
seems to see
That there are certain other ones in life
as well as he.

For we would find a certain fun in cer-
tain other ways,
If we would give a word of cheer on
certain busy days—
When problems vex, when certain things
require a helping hand,
Would give a certain sympathy that
mortals understand.

An office is a pleasant place—at least a
certain kind
That has a certain brotherhood where
day by day you find
Some neighbor with a new idea he's glad
to pass along,
A certain sort of friendliness, a certain
sort of song.

There is a certain duty that we owe to
other men
To help them when they need a lift, to
steady them again.
An office can become in time, to man and
girl and boy,
A certain kind of fellowship, and work
a certain joy.

HOW TO BORROW

By K. S. Fry, *Manager, Community Finance Service, Pittsburgh*

Mr. Chairman, Members and Guests of the Pennsylvania Lenders Association: Mr. Loupe, Chairman of the Pittsburgh Industrial Lenders Exchange, called me on the 'phone one day during the busy Christmas season and like a bolt out of a clear sky asked me what I had chosen as the subject of the paper that I had been previously appointed to read at this meeting. Well, to be very ingenous, there was no subject and I answered Mr. Loupe by saying 'That is the question.' Mr. Loupe replied that the subject was very broad and I just let it go at that, so to-day as I address this meeting, I say—*That Is the Question.*

Just because a man needs money is no reason for lending it to him. Most any one will recognize this fact if he will stop to think; we "lenders" recognize it because we *have* to stop and think. Otherwise, we wouldn't have any loan offices to run.

The fact that a person needs money may be a perfectly good reason for giving it to him, and the transaction, in order to preserve self-respect, may be disguised as a loan. But no human being can afford to confuse lending and giving—in our business least of all. I have received hundreds of applications for loans from people who unwittingly gave more reasons why we should *not* lend them money than why we should.

I have had would-be borrowers start off by telling me how much money they have lost instead of how much they have made; and what will happen to them if they *don't* get the money instead of what will happen if they do get it. In other words, the appeal to sympathy rather than to judgment. Sympathy is a very valuable quality; but it is likely to get either an individual or an organization into trouble, if given too free rein.

It is not very difficult, using ordinary common sense, to judge whom it is reasonably safe to lend money to *but* it is often difficult to teach some of the safest risks in the world—"*how to borrow.*"

Credit, as we all know, is the foundation of modern business. Nearly every person in his life's business has to borrow money at some stage of his career and most of those who do not borrow might get along a lot faster if they did.

As I see it, there are the following classes of would-be borrowers:

1. The men who have the capacity to borrow, who know they have it, and who use it properly.

2. Those who have not the capacity to borrow, but who think they have it, and try to use it.

3. Those who have the capacity to borrow, but who do not know they have it, and do not try to use it.

The thing for any man to do is to get into the first class, if he isn't already there.

We all have had experiences with the man who is afraid of a Judgment Note against his personal property or the wage-earner who shys at an assignment and all of this is because the potential borrower has not been properly educated.

There is, then, in the minds of the classes to which our particular business is advantageous, the question "*How Can I Borrow?*" Some minds have already asked this question, in others the interrogation has just barely "chested" its way out of the embryo, and in still others the query has not yet formed but needs only an intelligent answer to anticipate and arouse it.

Gentlemen, all of you who are active in the small loan field know, without my speaking of it, that our business has been morally victimized by the unsavery reputation and destructive effects of the old "high-raters."

Can't we as a group, as an association and as individuals, so radiate our wholesomeness, usefulness and sincerity to the potential borrowing public that this same public will be inspired with trust in us to such an extent that the cost of such services as we offer to them will be directly proportionate to the volume of new business derived from the public.

BENEFICIAL OPERATING BUREAU EXPANDS

Moves to Larger Quarters at Court Square Building, 2 Lafayette Street, New York City

Beneficial Operating Bureau, Inc., due to the increased growth of headquarters personnel and an expansion of activities, has found it necessary to move to larger quarters. The transfer of all equipment from 468 Fourth Avenue, New York City, to the Court Square Building, 2 Lafayette Street, was made on January 27th and 28th and work resumed in the new quarters Monday, January 30th.

Over 32,000 square feet of space is occupied, covering the top four floors of the new and beautiful Court Square Building which overlooks all other buildings near by. The top floors afford an extraordinary view on all sides. The Executive Offices, on the South, look out on the Woolworth Building, lower Broadway and the municipal buildings; those on the West look out upon the Hudson River and the New Jersey sky line; those on the North, on upper Broadway and Court House Square; while those on the East, look out on the East River, the Brooklyn, Manhattan and Queensborough bridges and the sky line of Brooklyn. The offices are attractively finished and furnished in good taste.

The Beneficial Operating Bureau Inc., cordially invites all its friends and fellow members of the American Industrial Lenders Association to visit its new quarters when they are in New York City.

COMMUNICATIONS

Dear Mr. Kehr:

I want to write to tell you that you missed half of your life for not attending the first Regional meeting of the PILA held at Pittsburgh, Wednesday, January 18th. It was a distinct pleasure for me because it was the first (if I may call it that) visit to a Regional meeting, though of course I have been in touch with the activities of the association and acquainted with the ideals and personally acquainted with many of its members, but I never enjoyed the satisfaction which I experienced at this meeting. Words cannot express my gladness in meeting old acquaintances and making new ones. I often look backward over the 17 years of my experience in the small loan business and that backward glance brings to me a sort of wonder not unmixed with gratification. Seventeen years ago the average small loan broker or manager was somewhat an outcast. He was branded with the title of (Loan Shark) and no matter how decently he conducted his business, no matter how conscientiously he endeavored to serve his clients, extending a service that no other agency could or would—that stigma still remained. Less than two decades have passed since my initiation into the ranks of those who conduct small loan offices and what a change those 20 years have brought. Today we are recognized as a definite factor in the business life of our community. We meet business leaders on a plane of equality. Our code of ethics is accepted as being in line with possibly a beacon light for, other business, notably the installment purchasing business and to use a western idiom we can look every man in the eye and tell him to go to Mexico (if we want to, *but we don't*). Why—Because we are *Gentlemen* and it is just Associations like the PILA & AILA and the men whom I met at the Regional meeting that have brought about the change both in our attitude toward the public and the public attitude toward us. We know we are legitimate business men and are gratified to realize that we are accepted as such. Sometime—someday I would like to hear some real old-timer

who has been through the mill from the days of (outlawry) to these days of clean-cut decency tell the story. It would be a revelation to the younger men and a pleasure to the older ones. When an old-timer does talk I hope you and I will be among those present. I shall never forget my first visit to this regional meeting. When my supervisor E. C. Millard notified me to attend it I looked forward to the January 18th and thought every hour was a day and I want to say again that the meeting was so interesting and educational that every hour seemed like a minute. I say All Hail to the PILA and may she never die. Trusting this letter finds you in the best of health.

Respectfully yours,
W. W. GANTZ, *Manager.*
American Loan Co., Johnstown, Pa.
January 21, 1928.

Phoenix, Arizona
January 16, 1928.

DEAR SIR:

November 2d, you sent me several copies of the Constitution and by-laws of the different state organizations and requested that I return them when they had served our purpose, which I am doing under separate cover, together with a few copies of the constitution and by-laws of the Arizona Industrial Lenders Association.

This association was organized November 10, 1927. Six loan companies were represented: Peoples Loan and Investment Company, Surety Finance Company, Collateral Finance Company of Phoenix, Home Loan Company of Mesa, Peoples Finance and Thrift Company of Tucson and Peoples Finance and Thrift Company of Yuma.

Fred E. Winship, President of the Peoples Loan and Investment Company, was elected President of the Association. Mr. L. B. Christy, Manager of the Surety Finance Company, was elected Secretary and Treasurer.

There are eleven loan companies in Arizona and I think practically all of them will come in as members of the Arizona Lenders Association. We wish to thank you for your advice and your interest in the formation of our association.

Very truly yours,
FRED E. WINSHIP.

DEPARTMENT OF COMMERCE

BUREAU OF THE CENSUS
Washington

February 18, 1928.

MR. GEORGE W. KEHR, *Secretary,*
American Industrial Lenders' Ass'n.,
Box 778, Harrisburg, Pa.

DEAR MR. KEHR:

Several years ago we wrote to your Association expressing our interest in your work and our desire to obtain, if same were available, current statistics which would show the volume of business transacted on a monthly or quarterly basis by members of your group, such as might be used in connection with our monthly "Survey of Current Business."

Apparently at that time there were no adequate data along this line. Perhaps conditions have changed and it is with this in mind that I again wish to direct attention to the question of statistics covering your business. It would seem that data on the small-loan business, which has grown to such importance, would form an interesting index of business and industrial conditions. It is probable that the collection of such figures might entail some difficulty but, if uniform accounting practices were observed by your members, it should be a relatively easy matter to get such basic data, as, for example, the amount of loans placed during any given month, both in number and value and the amount of repayments. It is likely, of course, that your Association now has much more detailed items than the two items just mentioned. At any rate, we should be pleased to receive your reaction to this plan. You may use the enclosed official envelope, which requires no postage, for forwarding your reply.

Very truly yours,
L. SETH SCHNITMAN,
Chief of Division,
"Survey of Current Business."

[Any members who would like to coöperate with the Federal Department of Commerce as suggested above may send reports in to the National Secretary for transmission to Washington at the end of each month.—G. W. K.]

MICHIGAN AND "SMALL LOANS"

Salary Lending in Detroit May Go on Stronger Basis

During the past two years, and more rapidly during the past six months, a score of new entries have appeared in Detroit, in the salary and small chattel loan business. Capital has apparently been easily obtainable. Up to the present writing, those who have gotten under way seem to have found plenty of business.

From the standpoint of capitalization, these operations are about equally divided between the companies organized on the so-called industrial banking plan, similar to the Morris Plan banks; and those operating under the Necessitous Borrowers' or Uniform Small Loan Act. Both classes of institutions are licensed and regulated by the Michigan State Banking Commission.

MORRIS PLAN BANK

Prior to 1927, the Industrial Morris Plan Bank of Detroit was the only institution operating in the city under its enabling act. The institution has had a tremendous growth. Coöperating with certain stores, it operates a mode of financing purchases for their customers. An attempt by majority stockholders to buy up a large minority block was recently rumored; but although the figure was very large, it was declined.

Early in 1927, the Michigan Industrial Bank appeared. It has specialized in refinancing or refunding merchandise debts already incurred. Delinquent debtors were thus enabled to pool their obligations in one place, and retire them on a budget plan. The stores endorsed the customers' notes to the amount due each of them. This bank contemplates increasing its capitalization in the near future to take care of its growing volume of business. The stock is rather closely held; and it is believed that there will be no general offering.

OTHER UNDERTAKINGS

Clare Retan, former attorney-general of Michigan, has announced the intention of a small group, reported to include several former state officials, to organize the Metropolitan Industrial Bank, of Detroit. The Wolverine Industrial Bank of Detroit is now in process of organization. It will succeed the Globe Finance Corporation, which will be liquidated; and comprises a considerable group from the Pere Marquette Railroad.

A RAID ON WRONGDOERS

Late in June, 1927, simultaneous raids were made by Detroit police on the offices of a chain of usurers who were exacting 240 per cent per annum from Detroit laborers. The raids followed two years' investigation by the Better Business Bureau, with the coöperation of the Banking Commission, the attorney-general's office, the prosecuting attorney of Wayne County, the Russell Sage Foundation, the operating heads of all railways entering Detroit, and the Michigan Industrial Lenders' Association. The result of the raids was to break the grip these salary buyers, so called, had had on Detroit. With two exceptions, the operators jumped bond. Of the two who remained, one was convicted and the warrant against the other dismissed.

AN AGREEABLE OUTLOOK

The attention thus drawn to the small loan situation in Detroit has had far-reaching effects. Many lenders heretofore unlicensed took out licenses under the state law, and moderated their charges accordingly. Seven national chains of loan offices, not now represented in Detroit, have announced that they will open licensed offices locally. The horde of firms making small automobile loans in the city are being rapidly lined up at the legal rate on small loans.

Several large investment interests in Detroit are now perfecting plans to include salary lending firms and subsidiaries. There is every likelihood that the securities of some of these projects will appear shortly under excellent auspices.

OPINION OF AUTHORITY

Leon Henderson, representing the Russell Sage Foundation of New York City, and an authority on the remedial loan situation, has sounded a note of caution as regards securities based on the small loan business. He says:

"While the so-called remedial loan business yields a very high gross interest return on money invested, the net returns are entirely a matter of management. We may expect the appearance of swarms of new firms in this field, as the usury and banking laws are more and more rigorously enforced. Some of these will doubtless prove profitable. But this field is no more likely to show profits to all who enter it than any other field of banking or business.

"Nor is the size of the institution, and the extent of its branch operations, a sure guide to its success. Some local companies have as profitable operating records as any national chain. There have been instances where national chain operations have been financed in a

manner not distinctly advantageous to the investor.

"The best operators in the remedial loan field today would welcome additional competition, with its attendant better advertising of the small loan business."—*United States Investor, 1-28-28.*

CONNECTICUT

Members of the Connecticut Industrial Lenders Association assembled at the Hotel Taft, New Haven, at two o clock, Saturday, January 21, for luncheon.

The meeting was called to order at two o'clock. Chairman Connor presided. Thirty-seven members answered the roll call. Among the visitors present were: A. G. Zimmerman, F. A. Reed, H. A. Morgan, E. P. East, past National Chairman, Philadelphia, W. G. Wood, past National Chairman, Providence, H. P. Stephenson, and A. S. Nesbitt.

Chairman Connor introduced former National Chairman E. P. East and W. G. Wood, both of whom gave very interesting as well as instructive talks.

On motion of E. P. East, the Chairman appointed the following to draft a resolution on Colonel Clarence Hodson's death to send to his family: E. P. East, H. P. Stephenson, W. G. Wood, F. H. Lovegrove and A. G. Zimmerman.

The Secretary reported that the membership had grown from thirty-one in January, 1927, to thirty-seven at the present time.

The Chairman reported on business transacted during the past year.

The Chairman of the Exchange Committee made a report which was approved as read and a vote of thanks given Mr. Moran for his untiring efforts.

Chairman Connor, A. G. Zimmerman, W. G. Wood and T. C. O'Brien also gave talks on the Exchange System.

Mr. Zimmerman spoke on collecting accounts for other companies whose clients are now living in New York or elsewhere. Officers nominated and elected were Chairman, M. J. Connor, Waterbury; Vice-Chairman, T. C. O'Brien, New Haven; Treasurer, W. C. Kendrick, New Haven; Secretary, A. E. Dejon, New Haven.

The Executive Committee nominated and elected consists of all officers, A. G. Zimmerman, H. P. Stephenson, F. H. Lovegrove, A. Kanter, and H. G. McMullin.

The Legislative Committee nominated and elected to serve for the coming year consists of H. P. Stephenson, A. G. Zimmerman, W. Newman, F. H. Lovegrove, A. Berman and H. G. McMullin.

S. S. Moran was elected Chairman of the Membership Committee.

The Committee gave a report on the CILA seal.

Mr. Taylor of the Bridgeport Chamber of Commerce gave a fine talk on the Exchange as operated in that city.

On motion of Mr. Berman it was voted to pay the Secretary $25 per year to cover the cost of typing, etc.

The Chairman requested that members pay their dues promptly.

Meeting adjourned at five p. m.

At six-thirty, the Fourth Annual Banquet of the Connecticut Industrial Lenders' Association was held in the ballroom of Hotel Taft. A. G. Zimmerman officiated as toastmaster and introduced the speakers in a very efficient manner. The banquet was broadcasted through Station WDRC New Haven.

While the courses were being served, the members were entertained by the Metropolitan Quartette and various other stag celebrities.

Music was furnished by Bill Nanfeldt and his Melody Boys and the members engaged in dancing until one o'clock.

All members thoroughly enjoyed the banquet, speeches, entertainment and dancing and much credit is due to Lewis W. Scarpa, Chairman of the Banquet Committee, who arranged this pleasant occasion.

A. E. Dejon, *Secretary.*

MARYLAND

The regular monthly meeting of the Maryland Industrial Lenders' Association was held at the Francis Scott Key Hotel, Frederick, Maryland, Wednesday evening, February 8th.

After a typical Maryland Banquet, the meeting was called to order by the Chairman, Mr. Chester Gardner.

All business was dispensed with except the roll call which showed 150 present, representing 25 offices.

After the roll call Mr. Gardner turned the meeting over to Mr. Howard Bryant and for the balance of the evening we were entertained by Messrs. A. Curtis Bogert, of the Maryland Bond & Mortgage Corporation, D. C. Winebrenner, 3d, Secretary of State, William M. Storm, States Attorney and H. Dorsey Etchison, Esq., who brought out the good that was being done in up-lifting the business by members of the Maryland Industrial Lenders Association.

Earl Simpson and his orchestra furnished the music for the evening. It is not necessary to say that this was enjoyed by all.

While this was the first meeting ever held outside of Baltimore by the Maryland Industrial Lenders' Association, it is safe to say it will not be the last, as it was unanimously agreed by all present that it is a good thing to hold these meetings in other cities occasionally.

E. M. Garren, *Secretary.*

AN ADDRESS BY A. CURTIS BOGERT

Given to the Maryland Industrial Lenders Association at Francis Scott Key Hotel, Frederick, Md., Feb. 8, 1928

The purpose of this talk is to convey to you an outsider's impressions of Industrial Banking, or as more familiarly called, the loan business, with the intelligence of the insider looking on the inside and yet maintaining that uncalloused viewpoint of the laymen on the outside. My association with Industrial Banking did not come about until it became my privilege to take charge of the handling and distribution of the securities of the Maryland Bond & Mortgage Corporation, an Industrial Banking unit of Baltimore.

Several years ago I had the opportunity of a visit in the home of a prominent New York banker and I recall one of the interesting and pertinent words of advice, which he offered at that time, was in regard to his principles of investment. Among his first requirements for sound investment were:

First: Is the business an economic necessity?

Second: Do social conditions justify the business?

After those two questions have been answered satisfactorialy, it then remains for the person to judge the other qualifications necessary for a sound investment.

Therefore, in answer to those two questions, this is the picture which appears before a person making an analysis of this business from an investment angle.

One sees a tremendously growing financial structure, affecting the lives of 85% of the people in this country, who, without the aid of the Industrial Banking facilities would be entirely outside of the range of any financial connections from which they could in time of need and necessity appeal to and receive help.

There is no Savings Bank, no Building and Loan Association or Commercial Bank offering its members or patrons the advantages connected with this loan system. Why then you may ask has this great economic service not been worked out and perfected to its present state long ago?

Education and the march of progress are accountable in part, of course, for this development. However, those tremendous equalizing forces of supply and demand have operated to form the undercurrent of which this Uniform Loan law is only a protective measure to the proper and just execution of fundamental economic laws.

In large loans secured by real estate, mortgages or marketable securities, the law of competition may have full play, the rate being determined by the lowest figure at which money can be secured. Small loans on the contrary do not have quite the same competitive nature since the lender and the borrower are not on a substantively even footing. Thus it was that through the combined efforts of the Russell Sage Foundation and a group of far sighted men, interested in the loan business at that time, the Uniform Small Loan Law was devised. A comprehensive study and investigation was made to find that rate, that would not only be low enough to be of benefit and service to the industrial wage earner, but, at the same time, high enough to attract sufficient capital to supply the needs of this tremendous class of people.

The success of this initial effort has been born out by the fact that now 28 states have come under the protective influence of this Uniform Small Loan Law or similar laws. The legislators of these same states have faced the facts and worked out the problem on a rational basis. Having set up the legal machinery with its latest improvements and its loan charges adjusted to the actual expense and risk of the loan business, they have thereby attracted tremendous quantities of new capital into the business, improved its standing and elevated an entire situation out of a century long state of confusion and discord to its new position of dignity and honor.

Every year sees progress toward an Industrial Banking structure of such national importance and service that it will be looked upon as one of the stabilizing influences in a credit structure which claims the attention of the country's greatest minds.

While we have been considering the significance of Industrial Banking in the cold light of economic facts, we find ourselves of necessity, tempered by the tremendous social importance placed upon

the loan business, especially in this day and age of credit extension and installment buying.

This installment buying is presenting a greater problem every day. It is needless to go into detail as to some of the advantages of this method of purchase by which people are able to obtain some of the most necessary things of life. Likewise it is needless to draw to your attention some of the great disadvantages such as when the unscrupulous installment buying house through its high pressure and super-salesmanship methods loads upon some industrial worker, luxuries which he can little afford. It is this very man often times, whose wife has a champagne taste and he a beer pocket book, that comes to the Industrial Banker for counsel and advice, presenting his financial problems and seeking to borrow, and thus to ease himself out of the creditors hands. It is here that a study of his living conditions is made and he is advised how he can limit his purchases and restrict his borrowings to that amount which he can best handle without becoming too involved.

It is also the little business man who needs this service, the honest but comparative poor family, that has a sudden death, sickness or unemployment. It may be the education of a child or the purchase of coal or clothes for the winter that has brought this family seeking this service.

What better, more reliable man than this Industrial Banker cou'd he approach for this advice; these men who are the heads of offices because of their capabilities to be there, and these offices which are licensed by the state, bonded to the state, operating under a law which is made with the primary purpose of protecting both parties in these transactions, and whose books are open to supervision by the State Banking Commissioner or his assistants.

In these states where the far sighted legislatures have enacted the Uniform Small Loan Law, crooked dealings have been exterminated; the borrowing working man, instead of being exploited and hounded by merciless creditors is enabled to obtain loans under state supervision and control at rates which are fair to him.

With the tremendous demand for the business in the last ten years, with the stabilizing and standardizing of the method and procedure of making loans, with the large quantities of investment capital becoming available year by year and ever seeking a sound medium of investment; with all this is it any wonder that the last ten years have seen such a growth?

Times are changing. The working man never before was such a capitalist as he is today. Never before did savings banks have such tremendous deposits. Never before has the standard of living been so high. And what is happening? It is the tremendous turn over of money which has played a large part in the prosperity of this country and has brought about an ever increasing need for these agencies of credit.

With the greater education of the people in the use of money, the methods of handling it, the greater use of savings banks, it is not hard to forsee the tremendous future involved in the outlook of the Industrial Banking structure and how ramifications of varying financial nature must creep in and signalize the powerful forces at work in this economic and social field.

OHIO

Members of the Ohio Industrial Lenders' Association held their mid-winter meeting on January 19 in the Deshler-Wallick Hotel in Columbus, with business sessions morning and afternoon and a dinner and entertainment in the evening. Colonel D. H. Pond of Cleveland, president of the Association, presided at both the business sessions and the banquet and the gathering was one of the most delightful and most profitable the association has ever held.

Reports submitted by the officers at the morning session showed the healthy development of the association and its excellent financial condition. Col. Pond declared that during the past year industrial lending in Ohio had made greater progress than in any previous year in its history. He urged the members to coöperate with each other, to be constantly on the alert for any untoward developments and to report promptly to the officers anything that might happen that would tend to jeopardize the welfare of the business.

Francis L. Thompson, of Shelbyville, Ind., president of the American Industrial Lenders' Association, was welcomed by President Pond and gave a very delightful talk. He told what had been accomplished by the association since the Indianapolis meeting and of the legislation that had been undertaken in various states. He said that small loan laws had been enacted in Wisconsin, Missouri, Arizona, Colorado and other states. President Thompson urged loyalty to the National and State Associations and hearty coöperation. The same sentiments were voiced by William Young of Philadelphia, Mr. Thompson's predecessor in the national organization. Mr. Young paid a high tribute to the Ohio Association for its progressive stand on problems of industrial lending and commended the officers for the progress that the association has made.

G. J. Badger of Jersey City, N. J., vice president of the National Association, also gave a very interesting talk. He told of the aims and accomplishments of the American Industrial Lenders' Association and urged coöperation among all industrial lenders. Mr. Badger discussed legislation to some extent and told about legislative matters in his own state as they affect the industrial lending business.

Leon Henderson of the Russell Sage Foundation in a few words presented a very interesting problem in calculation, which involved the number of cats that were necessary to produce certain dividends. The question presented was a new one to most of the members of the audience and his argument was convincing.

Much interest was shown in the addresses by two Columbus men, Harry Van Horn, manager of the Columbus Better Business Bureau, and W. I. Rowland, attorney-examiner in the division of securities, State Department of Commerce. This division has charge of the enforcement of the Lloyd act, under which the Industrial Lenders operate. Mr. Van Horn pointed out some seeming

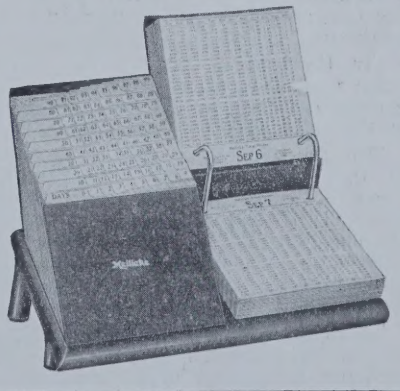
The answers
on time and interest of
EVERY LOAN
are always before you!

WHY spend expensive time and run the risk of costly error in figuring interest on loans, when all of this is *already figured for you?*

Meilicke Loan Office, Time, and Interest Calculators (two models illustrated here) were compiled especially for YOUR business. In them you can find *instantly* the time or interest on any amount from $1.00 to $300.00 from 1 to 200 days. You may have these two calculators separately, if you prefer.

Use one ten days at our expense

TELL us the rate of interest you figure, and whether you want the combination Time and Interest Calculator or the Interest Calculator only. We will gladly send you the Calculator you need. And you need not pay for it, either, until it has proved itself worth its price.



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Time Saving Devices

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misstatements in advertisements that has been used by certain Industrial Lenders. He said that when these were brought to the attention of the advertisers they very promptly changed the wording of their copy in order that it might meet the requirements of the "truth in advertising" program of the Better Business Bureaus. Mr. Van Horn praised the Industrial Lenders for the high character of their business and their desire to coöperate with the Bureau in bringing about better standards of dealing with the public. He exposed certain frauds that has been perpetrated by unscrupulous business men and how his organization had brought about their discontinuance. Mr. Van Horn declared that he would be glad to coöperate with the Lenders in working out their various problems as they affect the public.

Mr. Rowland, who is a state official, told of the high regard his division has for the industrial lenders of Ohio and said that his department was very desirous of coöperating with the association in every way. "We believe not in prosecuting, but in assisting," he said. Mr. Rowland urged that every lender in Ohio examine all his papers and instruments and see that they conform in every way with the state law. He said that no charge may be made in excess of three per cent a month. Continuing Mr. Rowland said:

"We recognize that a great number of people, particularly those who are employers of labor, and who are not familiar with the statutes are wont at times to criticize your companies. This criticism usually develops when wage assignments are presented for honor. Little does the employer know of the transaction.. His investigation develops that you have charged what appears to him to be an unjustifiable charge, to say the least. Immediately he becomes incensed and charges you with all the crimes possible. We believe that this criticism of you is unjust, and if a thorough study were made by the employers of labor, they would recognize that you are a force for good rather than for bad. The state recognizes the necessity for such companies as yours and for that reason permits the operation of chattel loan companies. We believe that your charges are fair, reasonable and by no means extortionate."

Mr. Rowland, as did Mr. Van Horn, made a very favorable impression on the lenders and both were loudly applauded at the close of their addresses.

The following were elected members of the executive board: Col. D. H. Pond, Cleveland; T. R. Schoonover, Lima; L. K. Osborne, Columbus; C. G. Mueller, Philadelphia; J. P. Michael, Columbus; J. Fred Anderson, Springfield, all reëlected, and C. C. Woodley, Toledo.

The speaker at the banquet was Captain Norman Imrie, instructor at Culver Military Academy, Culver, Ind., and a well-known lecturer, humorist and traveler. Captain Imrie accompanied the American Legion on its good-will tour to France last summer, having served with the American forces during the World War. His talk related very largely to incidents of this trip, his stories being both humorous and touching at times. Captain Imrie accompanied several high officials on a visit to other capitals of Europe, and told of meeting Mussolini and others. He dwelt at considerable length on the attitude of Europeans toward the Americans at the time of the war and their attitude at this time. Captain Imrie said that he was ill in London at the time of the Armistice and that by rare chance he happened to be back in the same spot in London nine years later at almost the very hour. Captain Imrie is a very entertaining speaker and his address was full of valuable information, intermingled with delightful pleasantries that made the evening one of much enjoyment.

New members were elected at the meeting as follows:

The Colonial Finance Co., Canton, Ohio.

The Colonial Finance Co., Columbus, Ohio.

The Colonial Finance Co., Dayton, Ohio.

The Colonial Finance Co., Lima, Ohio.

The Colonial Finance Co., Springfield, Ohio.

The Colonial Finance Co., Toledo, Ohio.

The Alliance Finance Co., Salem, Ohio, S. M. Schwartz, Manager.

The Zanesville Mortgage Co., 410 Masonic Temple, Zanesville, Ohio, Clara E. Trost, Manager.

The Public Finance Co., 22 Wiggins Block, Cincinnati, Ohio, L. W. Blitz, Manager.

The Universal Mortgage Co., Newark, Ohio, Geo. Hayden, Sr., Manager.

At a meeting of the Ohio Industrial Lenders Association held at Columbus, Ohio, on January 19, 1928, Mr. T. R. Schoonover read and moved the adoption of the Resolution hereinafter set forth, which motion was unanimously adopted.

RESOLUTION

WHEREAS, Colonel Clarence Hodson has been one of the pioneer spirits in the development of the Small Loan business, and has made his leadership in this field a factor that has been recognized throughout the country; and

WHEREAS, His untimely passing on Friday, January 13, 1928, when he was just in the prime of his life and still actively engaged in promoting the welfare of the Small Loan Business, has taken from our midst a renowned leader of sound Judgment, dynamic energy and sterling character; and,

WHEREAS, his multitude of friends in the Small Loan Business profoundly mourn his loss, and are moved to appropriately cherish his memory; therefore, be it

Resolved, That we the members of the Ohio Industrial Lenders Association in convention assembled, do hereby give our solemn expression of sorrow, and extend to his family and business associates our deepest sympathy in their bereavement; and, be it further

Resolved, That this resolution be spread upon the permanent records of this Association, and that copies be transmitted to his family, to the Beneficial Loan Society and to the Secretary of the American Industrial Lenders Association.

I hereby certify that the above and foregoing is a true and correct copy of the original resolution passed at the regular mid-winter meeting of the Ohio Industrial Lenders Association at Columbus, Ohio, January 19, 1928.

J. FRED ANDERSON,
Secretary, The Ohio Industrial Lenders Association.

BULLETIN No. 19

The members of the Executive Board elected January 19, 1928, have organized as follows:

Col. D. H. Pond, president; L. K. Osborne, vice-president; J. P. Michael, treasurer; J. Fred Anderson, secretary.

President Pond has named the following chairmen of the standing committees:

Membership, J. Fred Anderson; Legislative, Walter W. Hamilton; Law, J. H. Dyer; Finance, John Graham; Entertainment, Frank J. Schneider; Vigilance and Grievance, E. E. Beyer; Publicity, L. K. Osborne.

July 25, 26 and 27, 1928, was fixed as the time and Cedar Point, on Lake Erie, as the place for the 1928 Mid-Summer Convention, and you are hereby notified that at said convention an amendment to Article VIII of the Constitution will be submitted fixing the time of the Annual Meetings as follows:

For the Mid-Winter Meeitng, the fourth Wednesday in January, and for the Mid-Summer Meeting, the fourth Wednesday in July of each year.

This notice is given to you in accordance with Article 11 of the Constitution.

This proposed fixing of our Annual Meetings is in accordance with request from the National Association, which desires that each State shall have fixed meetings, to the end that persons desiring to attend all of them may arrange their schedules in accordance therewith.

The dues for the year 1928 were carefully considered and discussed. Our income for 1927 proved insufficient to meet our expenses. The Annual Meetings are not self-sustaining. Moreover, the Board anticipates increased activities for this year owing to the fact that the activities of the Association will be greatly enlarged, and the News regularly published.

In order, therefore, to avoid any possibility of an assessment, the dues for the year 1928 were fixed at 50 cents per thousand average loan balance for 1927. Said dues payable one-half January 1, 1928, and one-half July 1, 1928. Your Secretary will be pleased indeed to receive your check for your first half year.

COL. D. H. POND, *President,*
J. FRED ANDERSON, *Secretary.*

VIRGINIA

The Annual Meeting of the Virginia Industrial Lenders Association was held in the Hotel Richmond, Richmond, Virginia, on Thursday, January 26, 1928.

The meeting was called to order by Chairman Burnette at 10:00 a. m.

The following members answered the roll call:

Richmond:—Citizens Small Loan Society, United Small Loan Corp., Personal Small Loan Corp., Virginia Small Loan Corp., Seaboard Small Loan Corp., Beneficial Loan Society, Capital Small Loan Corp., Standard Small Loan Corp., Credit Small Loan Service, Central Small Loan Co.

Norfolk:—Citizens Small Loan Society, The Empire Company, Norfolk Loan Society, Beneficial Loan Society,

Before You Invest—Investigate

Beware of the Unscrupulous Lender on Loans of $300.00 or Less

The appearance of this Public Service Message in these columns is evidence that this publication subscribes wholeheartedly to the principles of the Better Business Bureau, and coöperates with the Bureau in protecting you ..... even to the extent of refusing to accept advertising of firms whose advertising and sales policies are proved to be contrary to the public interest.

There are two classes—those who operate within the law, such as remedial loan societies, credit unions, Morris plan companies or similar organizations, automobile financing companies and licensed industrial lenders; and those who operate without the law.

The law of Indiana is specific in the regulation of interest that may be charged in excess of 8% per annum on loans of $300.00 or less. It says:

> "Every person, firm or corporation lending money in sums of $300.00 or less, charging a greater rate of interest than 8% per annum must first obtain a license from the State issued by the Banking Commission. This license must be displayed in a conspicuous place in the office. The licensee cannot charge directly or indirectly a greater rate of interest than 3½% per month. The interest must be computed on unpaid monthly balance. No advance interest can be taken out of the loan and no charges or fees for the examination of the security or drafting of papers can be charged. All papers must be marked paid and returned to the borrower when the loan is paid in full. No licensee may lend more than $300.00 to any one person."

There is in Indianapolis at the present time a class of lenders which we can conscientiously call "bootleggers of credit." They are sometimes called salary buyers, "gyp" automobile lenders and the real estate Shylock. They evade the law in various ways. The salary buyer purchases the salary or wages as a subterfuge when in fact this is just another way of making a loan and the borrower is charged as high as 240% and up per annum. The gyp automobile lender makes charges that are not legal by adding interest to notes, advanced charges and fees for various items. The real estate Shylock's methods are similar to the gyp automobile lender.

WHEN YOU GET A LOAN OF $300.00 AND LESS, BE SURE THAT YOU ARE DOING BUSINESS WITH A LEGITIMATE LENDER, AND REPORT ANY SUSPECTED VIOLATION OF THE LAW TO THIS OFFICE.

THE BETTER BUSINESS BUREAU INC.

531 Occidental Building Main 3737

INDIANAPOLIS

This organization is supported by reputable business institutions and operates, without profit, to promote public confidence and business integrity in advertising, selling and investments. Our service is offered without charge—we have nothing to sell.

Reprinted from the *Indianapolis Star*, Feb. 15, 1928

Atlantic Small Loan Co., Credit Small Loan Service, Harris Investment Co.

Roanoke: — Roanoke Loan Society, Beneficial Loan Society, Roanoke United Small Loan Corp.

Lynchburg :—Lynchburg Loan Society.

Alexandria :—American Small Loan Corp.

Portsmouth :—Beneficial Loan Society.

Newport News :—Mutual Small Loan Corp.

Petersburg : — American Small Loan Corp.

Bristol :—Beneficial Loan Society.

Secretary's Report. We have forty-four (44) licenses in the State of Virginia, and twenty-nine (29) of these are members of the Association. Of the 29 members, 4 have paid their annual dues on basis of present By-Laws; 8 have paid their semi-annual dues; 17 have not paid anything for membership dues for 1928.

Three of the officers have mailed checks for $10.00 each on the special assessment for 1928.

Tresurer's Report. The Treasurer submitted and read his report, which was accepted by the Association.

Chairman's Report. The Chairman read a very interesting report and on motion of Mr. Moore, seconded, passed and carried, a rising vote of thanks was extended to Mr. Burnette.

Report of Mr. Burnette, Chairman for 1927. The policy that I announced that it would be my intention to carry out upon being elected your chairman last year has been stuck to rather tenaciously. One of the chief obstacles being an honest attempt to educate the public relative to our business, and the small loan law. About five thousand copies of the printed address, by Mr. Goode, entitled "Facts about the Small Loan Business," were sent to the most prominent people of the State of Virginia, including a number of the legislators, the judges, and lawyers. The reaction which has come as a result of this has been most gratifying. Reports have come to me from people whose opinions are valued highly, that that is the first time they have known something of the small loan business, the economic need that it serves, and the good that it is doing.

Each week there has appeared in one of the Richmond papers an article concerning our business. This paper has state wide circulation, and is probably the most influential paper in Virginia. The full back page of the official magazine of the Chamber of Commerce is used in carrying a message about our business. This magazine goes to every large industrial executive, and influential business man in Virginia. For the last two months the official organ of labor in Virginia has carried an article telling its readers about us. All of these articles have been especially written to strike the sympathy keynote of the class of readers into whose hands the paper fal'ls. It is impossible to say with accuracy just how many people have read and understood these messages that we have been sending out, but from the reports that have reched me, I am satisfied that there are more pepole in Virginia to-day who understand sufficiently about the small loan business to think of it as a respectable business serving a very useful purpose than ever before. I am also convinced that before this publicity program began that many of these same people treated our business as the old Loan Sharks were treated, and felt for us as much contempt. Considering all of the good that this publicity has done, this fact is significant, that during the past twelve months we have had a number of very favorable editorials in the various newspapers of this state, which is a thing that has never happened in this state during the entire life of the Small Loan Law.

My recommendation in this respect is that while the program of publicity may be changed somewhat, that it should certainly be continued, for until the people of this state know who we are, and what we are doing, we can never hope to gain an intelligent sympathetic treatment at their hands.

During the past twelve months there has been considerable agitation throughout the state concernnig "salary buyers." Richmond and Roanoke have been the field of conflict. In Richmond the salary buyers were prosecuted and driven out. They have also been prosecuted in Roanoke, but I am not advised whether there are any salary buyers in Roanoke now or not. The association has offered its aid to the Commonwealth Attorney wherever this agitation was ripe for action, and while our counsel have not actually appeared in court in any of the cases they have acted in an advisory capacity with the prosecution. This attitude has gained for the Association a number of friends among the people who really are sincere in desiring to help the working man.

The fight against the salary buyers, brought forth another situation which involves this Association. One of the salary buyers being driven out of that business obtained a license under the small loan law, and through the subterfuge of selling worthless stock to the borrower attempted to extract an extortionate interest. He was brought before the Department of Banking, and had his license revoked. He appealed from this decision to the Courts and the decision of the Department of Banking was affirmed and this subterfuge was ended. During this litigation, the counsel for the association were offered to the Department of Banking, and we coöperated with the Department of Banking throughout the entire litigation.

Therefore, the small loan law was used to drive out the salary buyers, and to also end any subterfuge to get more than 3½% interest, by a licensee. During both of these litigations the small loan law has gained a number of friends and this association has, by coöperating with the departments, received the advantage of that friendship. It is my recommendation that this Association should at all times keep in very close touch with the various departments administering this law and lend their unqualified aid and support to the enforcement of this law, for the person who would destroy the principle for which this law stands, is at the same time destroying us.

You are all, more or less familiar with the legislative program which has consumed so much of our time, effort, and thought during the past twelve months, and those whom you have selected to bear the responsibility for this work have performed their duties most thoroughly. Without relating to you in detail at this time all of the intricacies of this program, I wish to state that we are for the first time in the life of this Association laying a foundation for some relief in the future, for what is popularly termed, the legislative scare. If our program is entirely successful, it will mean, in my opinion that in future years the degislature will have before it a decision of its own as to the merits of our business. Therefore, in future years, the legislator who attempts to shoot at us with ill-advised legislation, will gain very little sympathy from the legislature.

One of the greatest accomplishments during the past twelve months have been the fine fellowship and friendly feeling which has developed among the members of this Association. The old feeling, that one group was trying to put something over the other group has apparently disappered, and it seems that we now fully recognize that we are all traveling the same journey, our interests are mutual, the friend of one is the friend of all, our enemies should be met with a solid front, and if I am correct in believing that this feeling is in the heart and mind of every member of this Association, then I say to you that the past twelve months have been the most successful that this Association has ever enjoyed. This feeling is worth more to this Association than any other feature, and I must heartily commend the individual members for the spirit that they have shown and I ask you not to have misunderstanding but to keep this feeling uppermost for this Association can accomplish almost anything with such a feeling, without it the traveling is difficult.

In closing this report I wish, as your chairman to personally thank each and every member for the splendid coöperation and the wonderful work that each of you have done. Every chairman of committees, every committeeman, and every member has rendered real service in performing the duties assigned to them, and your chairman feels that the success of this Association is due to this wonderful coöperation. With such a spirit continuing there can be no doubt of the success of this Association during the coming year.

Membership Committee. Mr. Moore, Chairman of the Membership Committee read a very excellent report and upon motion duly made and seconded, the Association accepted same with thanks.

Norfolk. Mr. Bradshaw reported that the Clearing House at Norfolk was moving along in the same old way, to the satisfaction of all taking part in it. Three salary buyers are operating in Norfolk.

Roanoke. Mr. Price reported that conditions in Roanoke are similar to Richmond and that members clearing satisfactorily. No salary buyers are operaitng.

Mr. M. E. Bristow, Chief Bank Examiner, State of Virginia.

Mr. Bristow submitted a comparative chart of legal interest rates in Virginia and gave us a very interesting talk on interest rates.

Advertising, Union News. Mr. Bradshaw and Mr. Fenner reported that the Union News advertising for December was handled to the best possible advantage, but not as instructed by the Executive Committee. On motion of Mr. Moss, seconded, passed and carried, the matter of advertising copy for the Union News was referred to the Executive Committee to handle.

Law Committee. Mr. Shewmake, Chairman, reported that a resolution had been introduced in the Legislature to investigate the Industrial Loan Business, by a commission of 5, this Commission to report their findings to the General Assembly. He also reported that Senator Warren, of Portsmouth, had introduced a bill to force the salary buyers to operate under the Small Loan Law.

Virgil R. Goode, Attorney, made a very interesting talk on Salary Buyers.

Mr. Tucker, of Alexandria, reported that there was a motion before the Judiciary Committee of the United States House of Representatives asking the Federal Government to make all Federal employees subject to the Garnishee Laws of their respective states, and that the Alexandria Chamber of Commerce was in favor of it and fighting for it. Mr. Tucker also reported that the Chamber of Commerce of Alexandria was opposed to the increase in the garnishee exemption bill, now before the Legislature.

Mr. Burton, of Newport News, also reported that the Chamber of Commerce of his city was also opposed to the increase in exemption.

Mr. Bradshaw reported an interview with the Secretary of the Virginia State Chamber of Commerce who also opposed the increase in exemption.

Mr. Shewmaker stated that he thought this question was a very good thing for the Association to stay out of.

The chairman appointed the following members as a Nominating Committee, to submit names of officers for the coming year: L. E. Pope, V. D. Moss, J. S. Edge, W. F. Bradshaw, E. F. Moore.

The meeting adjourned for Lunch at 12:00 o'clock noon.

The afternoon session was called to order by the chairman at 2:00 p. m.

Mr. McMurtrie, chairman of the Auditing Committee reported that the books had been audited and found correct. Mr. McMurtrie also made a motion that the treasurer furnished an itemized statement of all disbursements in the future, which was seconded by Mr. Moore, passed and carried.

Mr. Moore, chairman of the Executive Committee, made a motion that all members report any matters that the Association should be advised of to the Executive Committee. This was seconded and carried.

Mr. Mattingly, chairman of the Constitution and By-Laws Committee, read the New Constitution and By-Laws. Mr. Smithdeal moved that the New Constitution be accepted as read. This was properly seconded, voted and carried.

Mr. Moore mad motion to elect officers for 1928 under the New Constitution and By-Laws, which was properly seconded, voted and carried.

Mr. Moore also made a motion that 250 copies of the By-Laws be printed and distributed. This was also properly seconded, voted and carried.

Mr. Moore also presented the following applications for membership in the Association:

General Finance and Small Loan Corporation, 11 West Tabb Street, Petersburg, Virginia; General Finance and Small Loan Corporation, 122 Union Street, Danville, Virginia.

A motion to accept the applications was duly made, seconded, voted and carried, subject to payment of dues.

The Nominating Committee reported and recommended the following members for the Executive Committee: J. E. Burnette, J. J. Price, L. E. Pope, J. S. Edge, W. H. Bishop, V. D. Moss, S. Lee Tucker, A. B. McMurtrie, E. F. Moore.

Mr. Phillips was nominated from the floor, but asked that his name be withdrawn.

Mr. Smithdeal moved that the nominations be closed, which was properly seconded, passed and carried.

Mr. Moore made a motion that the rules be suspended and that the secretary cast a vote to unanimously elect the Executive Committee as recommended by the Nominating Committee. This was properly seconded, passed and carried.

The secretary cast one vote and unanimously elected the Executive Committee, as recommended.

The Executive Committee retired for the election of officers for 1928, and upon returning, reported that the following had been elected:

J. E. Burnette, chairman; J. J. Price, vice-chairman; L. E. Pope, secretary; S. Lee Tucker, treasurer; E. F. Moore, elected chairman of the Executive Committee.

The local chairman who served for 1927 was reëlected for 1928.

Mr. Burton, of Newport News, was elected chairman of the Auditing Committee.

The next meeting is to be held in April, in Alexandria, Virginia, time to be set by the Executive Committee.

No further business being presented a motion for adjournment was duly made,

We Will Buy for Cash

Any established Industrial Lending Offices or group of Offices in Pennsylvania at a liberal price.

Replies will be treated in strict confidence.

GIRARD INVESTMENT CO.,
President's Office,
226 South 15th St.,
Philadelphia.

A $100,000 Book Is Yours For $2.50

One of the leading executives of the Industrial Loan Business said in 1925, "This book *Usury and Usury Laws* is worth $100,000 to the Small Loan Business." Another man, a vice-president of one of the leading chains of loan offices said in 1927, "It is impossible to estimate the value of *Usury and Usury Laws* in building up good will for the Business and educating the public."

It is serious error for any man in the Business to attempt to get very far without studying and mastering this book.

1. It contains excellent selling points for selling your stocks and bonds.

2. It gives the basic principles of which all personal loans are made.

3. It explains the legal principles of all kinds of laws which limit interest rates on loans.

4. It shows you how to answer the objections of prospective borrowers who object to the legal rate.

5. It is most excellent compendium of cases and arguments on small loans. In any law suit it will be of great value to any litigant. This book has been cited in three different trials and has influenced legislation in several states.

It gives you a mastery of the economics of the small loan business.

Order your copy today for $2.50 postpaid from

AMERICAN INDUSTRIAL LENDERS ASSOCIATION

P. O. Box 778, Harrisburg, Pa.

seconded and carried, and the meeting adjourned at 4:00 p. m.

At 6:30 p. m., the members gathered for a banquet at the Hotel Richmond Winter Garden, at which time the following gentlemen were our guests and favored us with very interesting and instructive talks:

Toastmaster, Judge Oscar L. Shewmake, of Richmond, Va.

Speakers: James R. Sheppard, Director of Public Safety; John M. Miller, Jr., President of First and Merchants National Bank; John R. Saunders, Attorney General of Virginia; Leon Henderson, Director of Remedial Loan Department of the Russell Sage Foundation of N. Y.

The spekers were followed by music and dancing, which was greatly enjoyed by all.

H. M. Fenner, *Secretary*

WHO WILL TOP IT

The Imperial Credit Co. of Chicago, owned by Albert P. Snite, was the first member of the A. I. L. A. to pay more than a hundred dollars annual dues for his membership under the new plan, a check for one hundred twenty-five dollars having reached the secretary last month. Al has probably taken the provision in the Constitution with respect to dues seriously and conscientiously, and in so doing has set a mark for other members to shoot at. We hope to have the privilege of mentioning other members in the more than a hundred dollar class before the fiscal year ends in September.

ATLANTA MAN ADMITS 260 PER CENT PROFIT FOR "SALARY BUYING"

Albany, N. Y., Feb. 24.—Legislation into the activities of alleged "loan sharks" was assured Thursday when leaders in both houses agreed to a request for such an inquiry.

Attorney General Ottinger has been urging the investigation for months. He told Speaker McGinnies and Senate Leader Knight Thursday that "usurious interest collected annually from residents in this state approaches $25,000,000."

In citing specific cases Ottinger said that Mark D. McCutcheon, of Atlanta, Ga., appeared before an assistant attorney general on February 21 and said he had established 22 "salary buying" offices in 14 states, three of them in New York state.

Ottinger said that McCutcheon makes his loans almost exclusively to railway employes and charged that the Atlantian had admitted the interest rate or gross profits for all accounts is 260 per cent.—*Atlanta Journal.*

LOAN SHARKS TAKE MILLIONS

An investigation of the loan-shark evil by the attorney general's office of New York discloses that victims in that state are being mulcted of twenty-five million dollars a year, far the greater portion of which is taken from wage earners and poor people in the metropolis. No wonder that an aroused public sense of right and justice is demanding strict enforcement or present laws against this iniquity and the passage of such others as may be needful to blot it out.

Most of the "sharks" extortions, according to the *Herald-Tribune,* are worked through so-called "salary sales"; thus: "The man needing money goes to the loan shark, sells, say, a one-hundred-dollar salary for what he can get, which is never more the purchaser is willing to give, and turns over an order for it on his employer. Many employers now refuse to honor such orders, among them the New York Central Railroad company, but as yet there are many which will pay them when presented. For a time the loan sharks, fearing legislation might put them out of business, were content with smaller profits. But they are now becoming bolder, raising their interest rate and charges of 'accommodation,' and preying on the very people who can least afford to have any traffic with them."

In Atlanta this evil, though much reduced in consequence of long crusading, still is extensive enough to call for the people's most earnest support of all the good agencies aligned against it. Especially is the Legal Aid society entitled to the coöperation of employers and of all others having civic and humanitarian interests at heart.—*Atlanta Journal.*

MASSACHUSETTS

The Sixth Annual meeting, dinner and dance of the Massachusetts Industrial Lenders Association was held at the Copley Plaza Hotel, Boston, Mass., on February 15, 1928.

Afternoon Meeting

Luncheon was served to 43 members at 12:30 p. m. Following the luncheon, chairman announced that owing to the limited time that Dr. Reginald Smith, Association Retaining Attorney, would have, it was necessary to allow Attorney Smith to make report of his work to the association on Uniform Loan Papers and legal matters pertaining to the Uniform Small Loan Law in Massachusetts.

Chairman Youngerman called the meeting to order, the Secretary then read the minutes of the previous meeting.

Secretary's Report

Membership, Oct. 26, 1927	38
New members accepted at this meeting	4
Present membership	42

The motion was regularly made, seconded and carried, that the minutes of the previous meeting be approved and distributed.

Members present at the annual meeting roll-call:

D. J. Cote, Personal Finance Co., Cambridge; A. G. Zimmerman, Beneficial Operating Bureau, New York, N. Y.; Miss A. MacLaw, American Loan Soc., New Bedford; H. J. Desormaux, American Loan Soc., New Bedford; J. A. Brien, N. E. Equity Corp., Taunton; J. T. Cronan, National Loan Society, Boston; J. M. Lorden, Ideal Finance Assoc., Boston; M. Greenman, Van Dam Loan Co., Boston; H. A. Morgan, Beneficial Operating Bureau, New York, N. Y.; L. C. Davis, Personal Finance Co., Somerville; F. M. Gannon, Personal Finance Co., Malden; E. F. Hurd, Beneficial Loan Society, Dorchester; H. J. Levensohn, Beneficial Loan Society, Boston; C. J. Ahearn, Beneficial Loan Society, Lynn; A. E. Frank, Merchants Accept. Corp., Springfield; A. E. Viets, New Method Loan Co., Springfield; E. A. Kittredge, New Method Loan Co., Springfield; W. P. Hunnewell, New England Equity Corp., Fitchburg; A. S. Hesmith, New England Equity Corp., Boston; H. P. Stephenson, New England Equity Corp., New Haven; E. Karsakov, Springfield Chamber of Commerce Credit Bureau, Springfield; J. C. Thurner, New England Equity Corp., Springfield; H. W. Morey, New England Equity Corp., Taunton; A. R. Philip, Ideal Finance Assoc., Quincy; D. E. McLaughlin, Mass. Ind. Service, Inc., Lowell; J. J. Oxley, Beneficial Loan Soc., Springfield; T. E. Arnold, Personal Finance Co., Worcester; P. H. M. Mullin, American Loan Soc. Inc., Worcester; A. F. Welmouth, Ideal Finance Assoc., Worcester; P. A. Maguire, Ideal Finance Assoc., Brockton; C. B. Cowell, New England Equity Corp., Boston; J. F. Bumsted, New England Equity Corp., Boston; E. E. Williams, New England Equity Corp., Lowell; J. C. Brennan, New England Equity Corp., Fall River; F. J. Lowney, New England Equity Corp., Lowell; Adelaide Sauve, New England Equity Corp., New Bedford; W. A. Farrell, New England Equity Corp., Lawrence; M. Caliri, Savoy Commercial Co., Boston; Reginald H. Smith, Atty., Counsel, Boston; S. E. Blandford, Superior Finance Co., Boston; M. W. Newman, Ideal Finance Assoc., Boston; D. J. Wholey, American Loan Co., Lowell; A. Youngerman, New England Equity Corp., Boston.

Chairman Youngerman read a letter of memorial drafted by Colonel Hodson, previous to his death, through the Massachusetts Industrial Lenders Association. Chairman announced the death of Colonel Clarence Hodson on January 13, 1928, and a card of thanks was received from Mrs. Clarence Hodson and family to the association for the tribute of flowers sent.

Motion made and seconded that the bill for flowers sent to Colonel Clarence Hodson be paid by the treasurer.

A letter from Charles H. Watts, extending his regrets in not being able to accept our invitation to the Sixth Annual Meeting and banquet, due to pressure of business. A telegram received by secretary of the Association from C. J. Badger, Vice-President of the American Industrial Lenders Association, as unable to be with us on this occasion, due to shortage in his working force, wishing us an enjoyable and successful meeting and banquet. A letter from Hale & Dorr, attorneys, regarding supervision of Small Loan Business by the association.

Treasurer's Report

Treasurer's annual report was read for the period from January 26, 1927, to February 14, 1928.

A committee was appointed composed of H. J. Desarmaux and A. T. Welmouth to audit the treasurer's books. The committee reported the treasurer's books to be OK and corresponding with the records of the secretary.

Motion made that a set time be made for quarterly meeting. The motion was seconded and carried that the third Wednesday of January, April, July and October be the set time for the association to hold its meetings. The place of meeting to be arranged by the chairman.

Mr. Zimmerman spoke on methods of advertising the loan business by keeping pamphlets, circulars, budget books, also

thrift books so as to give the borrower a clear vision on the methods used by the loan offices in making of loans.

The nominating committee was appointed to elect the officers for the coming year. The committee composed of Messrs. Zimmerman, Stephenson, Newman, Desarmaux, Viets.

The following names were presented and nominated as officers of the association for the year 1928: D. J. Wholey, Chairman, Lowell; S. E. Blandford, Vice Chairman, Boston; J. F. Cronan, Treasurer, Boston; D. J. Cote, Secretary, Cambridge.

Motion made and seconded that the nomination be closed and the nominees be elected and that the secretary be allowed to cast one vote.

Motion made by Mr. Desarmaux that the secretary be compensated for the duties of secretary, to be paid an annual fee of $25, paid quarterly. An amendment to this motion made by Mr. Blandford that the secretary s office be paid $50 a year, payable quarterly. The amendment was approved, seconded and voted and carried in the minutes that the office of the secretary be paid $50 annually, to be paid quarterly.

The following named persons compose the Executive Committee of the Massachusetts Industrial Lenders Association for 1928: D. J. Wholey, Chairman; S. E. Blandford, J. F. Cronan, D. J. Cote, H. P. Stephenson, M. W. Newman, A. G. Zimmerman.

A rising vote of thanks was extended to the retiring officers as an appreciation for the work carried on for the year 1927.

The following named members were appointed Legislative committee: Messrs. Zimmerman, Stephenson, Newman, Blandford, Cronan, Desarmaux, Viets.

Mr. Blandford spoke on improvements and betterment of the association and the loan business in general. To do this each member must do his share of good uplifting work—each member must take interest in the organization and its operation as long as he is in the business of lending money. Mr. Blandford spoke very forcibly on ethics of coöperation amongst its members and towards other licensees and credit union, and in order to function properly, all licensed money lenders must unite and lend a willing hand for the betterment of the loan business in general. The different committees should be notified, by the secretary of the association, of the appointment, the duties of the committee, its chairman and its members and time of meeting of said committee.

Mr. Zimmerman spoke of coöperation and function of the association work and that the executives of the different Loan Companies should attend the meeting and coöperate with this association at all times.

Application for membership in the association was presented before the meeting from the following named companies:

Beneficial Loan Society, Dorchester, Mass.

Beneficial Loan Society, Lynn, Mass.

Ideal Finance Association, Quincy, Mass.

Ideal Finance Association, Waltham, Mass.

Motion made that the secretary cast one ballot in favor of the above named companies becoming members of the association from this date, February 15, 1928.

W. G. Wood, former President of the A. I. L. A. was presented at the meeting and spoke a few words of greeting to the association preceding the evening banquet, which he was toastmaster of the occasion. Mr. Wood is a well known pioneer of the small loan business and always a welcome and interesting speaker on uniform small loan business. A rising vote of thanks was extended to Mr. Wood for his honored presence at this meeting and banquet.

There being no further business to come before the meeting, it was regularly voted and seconded that we adjourn at 4:50 p. m., to arrange for the banquet at 6:30 p. m.

BANQUET

The annual banquet started promptly at 6:30 p. m., with dinner which was very appetizing and properly served to the 150 or more persons attending. Each lady was presented with a favor. The invocation was given by Rev. Clarence V. Dunham, D.D., pastor of the Pilgrim Congregational Church, Dorchester, Mass.

Toastmaster W. G. Wood did the honors in a very fitting style and it was a treat to have Mr. Wood as toastmaster at this occasion to present the distinguished speakers of the evening.

The first speaker was Earl E. Davidson, Massachusetts Supervisor of Loan Agencies, who brought out facts and figures on the progress of the Uniform Small Loan Law for 1927, under his supervision in Massachusetts. Mr. Davidson's talk was very interesting to all his attentive listeners and every one appreciated the information given by Mr. Davidson. At the conclusion of his talk, Mr. Davidson was given a great outburst of applause by the members present.

The next speaker presented by our noble toastmaster was the Honorable Eliot Wadsworth, Massachusetts Representative and former Assistant Secretary of Treasury, U. S. Mr. Wadsworth spoke on the financial condition of the United States Treasury from its early days—how it functions and how it has progressed to the present time, which goes to show that with proper management, how a financial enterprise will progress. Mr. Wadsworth was well fitted to present this information, based on his experience as Assistant Secretary of the U. S. Treasury and was well able to hold the attention of his listeners as every one present was interested in financial matters. An applause of appreciation was given to the Representative of Massachusetts and former Assistant Secretary of U. S. Treasury, for his well fitted and well delivered talk to the members of the Massachusetts Industrial Lenders Association at its Sixth Annual Banquet.

After the speakers had finished, our toastmaster addressed the members with a few well fitted words—that the rest of the evening was to be devoted to frolic and dancing, under the guidance of the entertainment and reception committees who spared no expense, time and labor, in arranging for this banquet.

The room was prepared for dancing and under a well arranged 7 piece orchestra dancing program, the crowd kept the floor well covered until the early hour of one o'clock in the morning when taps were sounded and every body headed for "Home, Sweet Home" to finish the night with happy dreams of the much enjoyed speeches, dinner, music and dancing at the Sixth Annual Banquet of the Massachusetts Industrial Lenders Association held at the Copley Plaza, Boston, Mass.

D. J. COTE, *Secretary.*

NEW YORK CITY COLLECTIONS

Members having accounts in New York Ctiy may like to try the services of Henry Salant, Attorney and Counselor-at-Law, Potter Building, 38 Park Row, New York City. He has rendered satisfactory service to some of our members on the following basis: 50% of any amount collected and no fee if there are no results. In other words, his charges are on a purely contingent fee basis. As New York Laws prohibit an attorney from advancing disbursements in consideration of getting business, and since the Appellate Division has recently intimated in a decision that these rules with reference to attorneys will be drastically enforced, it will be necessary for the client to advance the disbursements, which in the case of industrial loans never exceed $5.00 and most often are less.

WISCONSIN

A meeting was called to which all licensed lenders in the state of Wisconsin were invited on January 19, 1928, at the Hotel Wisconsin, Milwaukee, Wisconsin. The purpose of this meeting was to formulate a State Association to be known as the Wisconsin Industrial Lenders Association.

The meeting was called to order by E. R. Klein, Supervisor of the Beneficial Operating Bureau, in Chicago, who spoke briefly on the advisability, as well as the necessity of formulating a state organization to be founded on sound principles, to assist the State Banking Commissioner police the business and to live up to all of the principles of the law.

B. E. Henderson, Assistant General Manager of Household Finance Corporation was appointed temporary chairman and G. A. Kehr, Personal Finance Company of Milwaukee, temporary secretary. Mr. Henderson outlined the principles of a State Association, the necessity of it and the benefits derived from it. The entire morning was taken up by discussions on the operation of a State Organization.

A splendid luncheon was arranged to which the speaker of the afternoon was the Hon. D. F. Schwencker, State Commissioner of Banking. Mr. Schwencker outlined the policies of the Banking Department as they relate to the Small Loan Business and desired the more hearty coöperation of every company so that his department will become more familiar with the details of the business so that he can complete the survey of every office in the state in the least possible time. He outlined how this coöperation will be a benefit to the lenders and borrowers as well as to the Banking Department. Mr. Schwencker expressed his deep appreciation for the able assistance he received from Mr. Klein and Mr. Henderson when the law first became effective, as well as their assurances of a continued

coöperation, which has always been manifested. He expressed his deep appreciation when Mr. Klein advised him that the Wisconsin Industrial Lenders Association had gone on record as appointing a Vigilance Committee to assist the Banking Department in policing the business in Wisconsin and that every member would coöperate for the mutual benefit of the business. Mr. Schwencker especially expressed a desire that all members in a community organize an Exchange Bureau so as to avoid duplication of loans. His address was well received and greatly appreciated by all in attendance.

After luncheon Mr. Klein assumed temporary chairmanship during the vacancy of Mr. Henderson and appointed three members to act as a Nominating Committee. This committee nominated the following officers for the ensuing year:

Chairman, F. J. Koehler; vice-chairman, O. W. Baeder; secretary, G. A. Kehr; treasurer, A. C. Mucha.

These men, together with Mr. Walter Vogelsang will compose the Executive Committee.

On motion made and duly seconded the secretary was instructed to cast a ballot for the election of the above mentioned officers. On motion made by Mr. Eslein it was resolved that the Executive Committee fix a time and place for the next meeting. On motion made by Mr. Henderson and seconded by Mr. Klein, the secretary was instructed to send copies of these minutes to Geo. W. Kehr, secretary of the A. I. L. A.

On motion made by Mr. Henderson it was resolved that the dues will be $35 a year and that all members pay a full year's dues immediately.

On motion duly made and seconded E. R. Klein, P. J. Koehler, H. E. Gates were appointed as a By-Law Committee who will draft a set of By-Laws for the organization and report at the next meeting.

The chair appointed as Vigilance Committee—D. J. Eslein, J. D. Richards and W. C. Carpenter. The chair also appointed J. L. Nedderson as chairman of the Entertainment Committee.

Motion was made by Mr. Henderson, and duly carried, that Sanderson, Blake & Aberg, attorneys of Madison, Wisconsin, be employed to represent the Wisconsin Industrial Lenders Association with instructions to report.

Twenty-eight lenders were present at the meeting, representing practically 100 per cent. The meeting was enthusiastic and harmonious throughout and there is every indication of its taking its place with other state associations immediately.

G. A. KEHR, *Secretary.*

"You say financial troubles brought you here?" asked the hospital visitor. "Why, that's hardly possible!"

"It's a fact, though," retorted the patient. "I was crossing to the other side of the street to avoid one of my creditors and saw another creditor on the other side. While I was trying to escape, a car hit me."—*Georgia Motorist.*

The whole family owns the car. That is, when the car is idle it is mother's car, when it is in use it is the children's car, and when disabled or with a tire down it is dad's car.—*Pratt (Kans.) Republican.*

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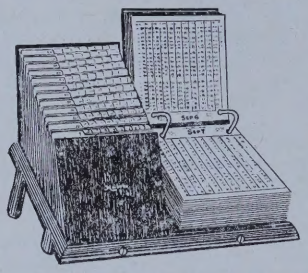

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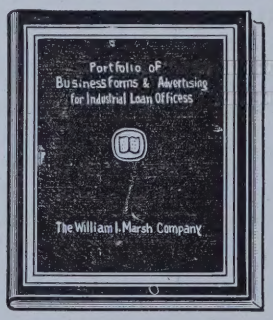

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In all centers of industry there are many honest and industrious people who own nothing but their labor. The income from this, in many instances, is used from week to week in supplying the needs of their family. When emergencies arise, they must borrow—but from whom?

This problem was scientifically studied for eight years by the Russell Sage Foundation and solved through practical legislation entitled the Uniform Small Loan Law.

This law was adopted in Virginia in 1918 and there is now over two and one-half million dollars capital employed, thirty-three thousand loans outstanding and thirty-nine lending agencies, all under the supervision of the Banking Division of State Corporation Commission for the benefit and protection of the needy small borrower.

This is an asset to the economic life of the State and of particular importance to its present industrial development.

Virginia Industrial Lenders' Association

The Small Loan Law is the solution found by leading economists and social scientists for the financial needs of the industrial employee.

ON THE LOAN SHARK'S TRAIL

The drive to put the loan shark out of business is as worth while as any state enterprise that goes forward just now.

Advance buyers of salaries; gougers of the hard-up and the improvident; human mice that gnaw their living from the honest earnings of people who, as a Voice contributor lately said, were not born with the brains of efficiency experts—the human race has been troubled with these parasites from the beginning.

The crew has sweated an average of $25,000,000 a year from New York people for several years, and threatens to better its record if not checked.

It will probably be impossible to rub out a class which has held on so long. There will always be people who must have a ten-spot in a hurry. Somebody will always be available to furnish them with the money at usurious rates.

But the Baumes crime commission worked out a set of laws which have frightened numerous crooks away from New York. The commission has now taken over from Attorney General Ottinger the job of hunting down the loan shark. Ottinger's office will coöperate, and the commission will recommend laws to next year's legislature.

If you have been stung by one of these people, you are perhaps ashamed or afraid to tell of your experience.

Swallow your embarrassment. Write the attorney general what happened to you, and how. He promises to keep secret the name of any loan shark victim who complains to him. Your letter may help to hand this business the knockout blow it needs.—*New York Daily News.*

MEETING SCHEDULE

MARYLAND—Baltimore, March 13.

IOWA—Waterloo, March 15 and 16.

NEW JERSEY—Newark, March 22.

MASSACHUSETTS—Boston, April 18.

MICHIGAN—Lansing, April 19.

VIRGINIA—Alexandria, April 19.

ILLINOIS—Chicago, April 26.

GEORGIA—Atlanta, April 27.

PENNSYLVANIA—Scranton, May 9.

MISSOURI—St. Louis, May 10.

WEST VIRGINIA—Huntington, May 11.

INDIANA—Indianapolis, May 16 and 17.

OHIO—Cedar Point, July 25, 26, 27.

MICHIGAN — National Convention, Grand Rapids, September, 19, 20, 21.

PAY ENVELOPES

Every Saturday the same old pay envelope with always the same amount. It gets discouraging after a time, doesn't it?

But did you ever think whose fault it is? Are you turning in the volume and quality of work your boss wants? What about your slows, collections, look-ups, reports, files, skips, etc.? Are you handling them any better than Smith, or Jones, or Brown? Are you worth any more money?

You control your pay envelope!

Your abilities control your pay. You can earn more, and you should earn more. What if Jones has had more experience than yourself? or Brown got his increase through a lucky break? Experience alone won't make a man and a person must be good to hold on to a lucky break or out he goes.

You can increase your salary right now, and guarantee other increases. Let others take long years of experience, or wait for lucky breaks. Capitalize their labors. Take the Institute Course. Of our graduates, 51% have received salary increases!

And all of these men are like yourself—ambitious and progressive. Profit doubly from those who spent years of their lives gathering the information contained in the course, and those who took the course and are now among the 51%.
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Progressive managers all over the country were not satisfied with this and sought vainly for another idea more fitting—one that carried more dignity and weight—that showed the real sincerity of public service rendered.

In my Industrial Lenders Advertising Service, I have brought out this new idea in advertising. It is that of "human interest." It has been proven time after time that this "human interest" copy attracts favorable attention because it tells prospects what they want to know in such a way that they believe it.

Let me show you that this new trend in advertising will pay you big returns too. Send me your subscription to my Industrial Lenders Advertising Service now. It will cost you only $5.00 a month—the saving in your time or the making of an additional loan once a month would pay for it. You will be agreeably surprised with the increase in business it will bring you.

Write now for more volume.

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The Future of the Small Loan Business

By Franklin W. Ryan, *Vice-President, National Cash Credit Corporation*

An Address Delivered at the Meeting of the New Jersey Industrial Lenders' Association at the Elks' Club, Newark, N. J., March 22d, 1928.

The future of the Small Loan Business made up of two parts, the predictable d the unpredictable. In my address is afternoon I shall cover only a small rt of the subject. I shall not discuss e things that are unpredictable and shall nit myself to only a small section of the ings that can be predicted.

The subject of the future of our busi-ss covers such a wide field of different oblems that an entire book could be ritten about it. There are probably 15 20 different major problems all of hich would properly come under the ading, "What is the predictable future the Small Loan Business?" so today I n limiting my discussion to just two of ese problems. These are questions that have studied carefully and on which believe you will be interested to hear y ideas and suggestions. I am going to ve you my conclusions on these two ıestions and my reasoning by which I rived at them. You can think them er and see if you agree with me.

The two questions which I will dis-ıss are as follows:

1. How long will it take for us to ar-ve at the position that the commercial ınking business now holds in relation public respect and public approval? oday no one attacks the banks. No ıe condemns their methods. No one is ying to put them out of business. No ıe is attempting to have banking legis-tion repealed. We are now on our way a similar position of honor and re-ect. How soon will we arrive?

2. Then I will discuss another question elated to our future which has to do ith the economics of our business. A ew years ago many influential people ere opposed to lending money to work-ıg people. This notion is now being apidly overcome but there are still quite number who cling to the old beliefs. n a few years more this belief will en-rely disappear but our problem is to et rid of it as soon as possible. How oon will it go? When I get to this econd problem of getting rid of the be-ef that working men should not bor-ow, I will list four of the most common rguments used to support it and then go n to explain to you why these four rguments are illogical and unsound.

At the outset, I want to say that this roblem of the general future of the business is a different problem from that of the individual loan office business. For each individual business, the percentage of predictability of the future varies. It varies to a large extent with each man's knowledge and experience. It can be laid down as a general rule, that every executive in our business can tell more about the future of his business in proportion as he masters its business technique, its economic principles and the principles underlying small loan legislation. You can also get a great deal of insight into the future by studying the financial history of the United States. Do not forget that the Uniform Small Loan Law is a usury law. It was this law that gave us our opportunity for service. Each executive, in trying to work out his predictable future will get a great deal of help by studying the history and economics of usury laws.

1. When will our business finally arrive at a position similar to the present position of commercial banking in relation to public respect and approval?

I will now take up my first question as to whether our business will arrive at a similar position like that now held by commercial banks in relation to public respect and public approval. Will the small loan business get to the position where we will have universal good will, where no one will be attacking us and calling us legalized loan sharks and where no one will be trying to change our legislation or have it repealed.

Take a look at the present position of commercial banking. There are 27,000 banks and trust companies and billions of dollars invested. The banker enjoys the highest respect. The business is strongly intrenched and firmly established. Every state has its banking legislation and no one makes any attempt to repeal banking laws. No one even thinks of trying to eliminate the banking business. Will our business ever arrive at such a position of good will and public respect? I believe that it will.

I believe that eventually the time will come when there will be no more strike bills and attacks upon our enabling laws under which we operate. I predict that in not over fifteen years from now our business will be just as firmly established and highly respected as commercial banking. I have dwelt on this problem and studied it and feel that it is only a question of a few years until we will arrive at the position we desire.

I will now give you a part of my line of reasoning by which I arrive at this opinion.

Let us go back to the beginning of our national life. In the year 1790 just after George Washington was inaugurated the first president of the United States, there were only 4,000,000 people in the country. Only six cities had over 7,500 population. New York had 33,000 people. At that time there were only three state banks in existence and of course, no national banks like we have today. In 1790, ten out of the thirteen original states had no banks at all. Practically all the banks that had been established in colonial days had been destroyed by adverse British legislation. It is often said that this was one of the main causes of the Revolutionary War.

In 1790 fully 90% of our population was engaged in agriculture and only 10% lived in cities. There were thousands of large landowners and large plantations, each of which was an economic unit in itself and needed no banking service. There was no farm loan problem because the three banks did not lend to farmers.

These three banks were the Bank of North America, founded in 1781 in Philadelphia, the Bank of New York in 1784 and the Massachusetts Bank. In addition to these three state banks, the First United States Bank was opened in Philadelphia in 1791 with eight branches in other cities. By 1811 there were 88 state banks in the United States.

But do you suppose that those 88 state banks were held in high regard like banks are today? Do you suppose that the First United States Bank held the high respect and good will that the Federal Reserve Banks now hold?

Most certainly not. Banks of all kinds were denounced and condemned from all sides. Ten of the colonies had gotten along without any banks for years and they did not want any. Bankers as a class, were regarded as crooks just about like we regard fake stock promoters and bucket shops today. Both the First United States Bank and the Second United States Bank were forced out of business by public agitation and from then until the

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Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

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R. I.—H. G. Neal, 49 Weybosset St., Providence.
Tenn.—John Richards, 301 W. Vine Ave., Knoxville.
Va.—J. E. Burnett, 119 N. 3rd St., Richmond.
W. Va.—A. H. Knox, 370½ Market St., Parkersburg.
Wis.—F. J. Koehler.

STATE SECRETARIES.

Conn.—A. E. Dejon, 109 Church St., New Haven.
Fla.—J. R. Standring, 308 Tampa Theater Bldg., Tampa.
Ga.—C. A. Dismer, 208 Georgia Saving Bank Bldg., Atlanta.
Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.
Me.—T. M. Fitzgibbons, 209 Clapp Bldg , Portland.
Md.—E. M. Garren, 331 Equitable Bldg., Baltimore.
Mass.—D. J. Cote, 552 Mass. Ave., Cambridge.
Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.
N. H.—E. F. Hurd, 71 West Pearl St., Nashua.
N. J.—V. L. Buchman, Wilkinson Bldg., Trenton.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—W. S. Herron, 404 Denckla Bldg., Philadelphia.
R. I.—E. La Gueux, 76 Dorrance St., Providence.
Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.
Va.—L. E. Pope, 507 E. Broad St., Richmond.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.
Wis.—G. A. Kehr, 405 Bartlett Bldg., Milwaukee

Federal Reserve system was established in 1914 we had no central banks.

In 1823 a book entitled "The Elements of Political Economy" by Daniel Raymond appeared. In this book this economist denounced banks in no uncertain terms. I would like to read you some citations from that book written 105 years ago. He said that banks should be abolished because they enable money-lenders to obtain usurious interest for their actual money by receiving interest not only on their actual money loaned but also on the credit. He also declared that banks promote speculation. He wrote, "none of the great and substantial operations of industry can be prosecuted by money borrowed at bank interest. No man can reasonably calculate that ordinary profits of commerce will be sufficient to enable him to pay bank interest for his capital and live by his business." He also said that the only way such a borrower could hope to make money was by speculation and this would usually ruin him.

Raymond's strongest denunciation reads: "For a whole community to be placed in the hands of a few men who can at pleasure raise and depress the price of property and reduce to bankruptcy those very persons who were induced to engage in speculation by the facilities of the banks afforded for borrowing money, is a very hazardous expedient for promoting wealth and prosperity of the community."

When this book appeared there were not over 100 banks in the United States. This opposition kept up until the time of the Civil War. Bankers were considered crooks and many of them were crooks. They would go into a new community sell a lot of stock and then issue bank notes which in many cases turned out to be worthless. The banking business went on this unregulated basis for thirty or forty years very much as the small loan business in this country went unregulated up until 1914. Some of you men here today know what the small loan business was like 20 or 25 years ago. People in the business were all called loan sharks and were all denounced. There was enormous ignorance about the business. The professors of economics in colleges were as ignorant as the rest. When the word *loan shark* was mentioned, some of them thought it meant pawnbrokers. Even today some of them still think pawnbrokers are the loan sharks. Poor pawnbrokers!

But this unregulated chaotic condition in the chattel loan business which existed 20 and 30 and 40 years ago was very much like the unregulated and mixed-up condition in commercial banking away back in 1840 and 1850. Banking was a crooked business, an unrespectable business in those days. Today bankers are well entrenched, billions of dollars are invested in the business and nobody thinks of trying to run them out of business.

Banks now enjoy complete public good will and respect but it was only 100 years ago when they were considered a menace to our prosperity. You can go back further than that about 1000 years and find in the Middle Ages where banking was forbidden entirely. In those days no one was allowed to collect any kind of interest on money at all. But when commercial nations began to trade with one another and when merchants began to borrow money, interest was paid regardless of the laws.

My object in recounting the slow progress of commercial money-lending from 1790 until today is to show that we may expect a similar progress in the field of personal money-lending. Commercial banking went through a stage in the Middle Ages when all interest on money was forbidden. Later there was a time when, although interest was legalized, the business was not generally considered respectable. Today, commercial banking has emerged into its highest stage where it has the highest good will and approval of society.

I believe that we have now gone through two of these stages. We went through the unregulated and unlawful stage during the period up to 1914 when the first Small Loan Law was enacted in New Jersey. That year, 1914, placed us in the second stage corresponding to the period the commercial banks went through before the Civil War. I believe that we are about to enter into the third and final stage of getting on a firm foundation of good will and public respect. I think this will come to us in the next ten or fifteen years. It ought to be here by 1940.

There is another angle from which I predict that our business will soon be placed on a firm basis of good will and public respect. This arises out of the changing composition of our population.

COMPONENT ELEMENT OF UNITED STATES POPULATION

Year	*Agricultural or Rural Population*	*City or Industrial Population*
1790	90%	10%
1850	75%	25%
1890	65%	35%
1900	60%	40%
1910	54%	46%
1920	49%	51%
Now 1928	About 40%	Nearly 60%

In 1790 about 90% of our population was agricultural and only 10% urban. In 1850 about 75% was agricultural and 25% in cities. In 1890 the percentage living in cities had increased to 35%. In 1900 this city industrial population had grown to 40%.

In 1920 our census figures showed a remarkable change. Up to that time more than 50% of our population was agricultural. In 1920 the balance turned and the figures showed 51% industrial population. That change may not have attracted any great attention. Yet it was a tipping of the balance in the opposite direction from what it had been. The Pilgrims landed in Massachusetts in 1620 and from that time until 1920 our population was predominantly agricultural. In 1920 our population became predominantly industrial.

In 1790 with 90% agricultural population there was no such thing as industrial lending in this country. There was no need for it. The landowners financed their farm work as they went along. Even today in the strictly agricultural states like North Dakota, we have no need for industrial loans.

But when our industrial population began to grow rapidly and when in 1890, one-third of our population became industrial, then we had to have a great development of industrial lending. It was just about that time that the unregulated chattel loan business started to grow and

become formidable. Later in 1907 Arthur J. Morris started his system of industrial banks with one little bank at Norfolk, Va.

As our industrial population increased, the need for industrial loans increased and so today we have 23 states which have enacted small loan laws setting maximums of either 3% or 3½% under which we operate.

But although our United States population changed in 1920 so that it was predominantly industrial, today it is nearly 60% industrial. By 1940 it will be about 70% industrial. It is this remarkable change in our population from predominantly agricultural to predominantly industrial character, that in and of itself is going to put our business on its feet and establish it on the same footing of high respect and approval which commercial banks now enjoy.

Some of you men here this afternoon often use another train of reasoning to arrive at this same conclusion. I have heard it often said by men in our business that the increase in the number of states with small loan laws will within a very short time, give us the public good and approval that we are working for. Of course, this is a valid argument and I agree with it. I have only cited these other trains of reasoning of my own, as additional support for that argument.

In this connection there is another outstanding statistical fact to consider. In 1914 we had only one state, New Jersey, under the Small Loan Law. New Jersey had 3,187,767 people which was only 3% of the total population of the United States at the time. In 1920 we had 15 states under the law with 42,000,000 population or 39% of the total. But in 1925 another very significant thing happened. In that year the law was enacted in four states, Tennessee, Florida, West Virginia and Michigan, bringing the total states under the law to 21 and the total population to 60,000,000 or 50% of the total population. In 1927 two more states, Wisconsin and Missouri were added, making the total number of states 23 and total population 66,000,000 or 55% of the total population.

What I want to get across is that the change in 1920 to a predominantly industrial population and the change in 1927 to a population predominantly under the small loan laws, gives us a dominant position which in itself will eventually place our business definitely on the way to its final position where it will receive better recognition and an increasing public approval.

There are other things which point to this future. Business leaders all over the country have become sold on our business. They are gradually beginning to see its importance and the great service it is performing. On the other hand many leading writers are awaking to the soundness of our business. Newspapers which only a few years ago opposed us, are now championing our cause.

After all, this ideal position I have pictured where we will have full public approval and public interest is a relative situation. In 1914, only a very small part of the population was sold on our business. Today our public good will and approval is rapidly increasing. A man once converted to our position, never goes against us. The clouds of ignorance and prejudice are rapidly disappearing and the storms of misunderstanding and denunciation are about over. We are winning more friends every day and every year.

II. There is a belief held by many people that working people should not borrow at all. Will this belief finally be destroyed or eliminated?

My second question about the future of our business which I now want to take up, is the question of the various unfounded ideas which are held by many influential people who are opposed to our business. They say that poor working people should not borrow money at all and they advance several interesting arguments to support this contention. There is quite a list of these arguments, some of them stronger than others, but this afternoon I am going to present to you four of them and then show why I believe them all to be unsound.

The problem of our future is closely connected to the problem of whether working men should be permitted to borrow. It is partly a question of truth and error. If the worker should not be allowed to borrow, then our future is doubtful but if he should be allowed to borrow, —if it is right for him to borrow from us—then our future is certain. In the long run the right will always prevail. I think that it is right for the working man to borrow and if it is right for him to borrow then this notion that he should not borrow will eventually be entirely overcome and our future opportunities for service be greatly increased.

These questionable reasons advanced by many well-meaning but misguided people, to support the belief that workers should not borrow, are as follows:

1. He should not borrow because he has no financial experience. He does not know how to budget his income and expenditures. If he borrows money he will not know how to use it. In such a situation he should not be allowed to borrow.

2. A second argument is that he should not be permitted to borrow because if he does, he will very likely spend it for luxuries such as radio sets, or jewelry or automobiles or other things classed as luxuries.

3. A third argument is that the only loans that are justifiable are loans where the money is used in production. They say there is no economic justification whatever for a loan where the money is spent to buy articles to be used up or consumed.

4. A fourth argument is that a poor working man should not borrow because he is a poor credit risk.

These reasons are the most common ones used to prove that working men should not borrow but they are full of fallacies. They are unsound. I believe I can show they have no foundation in sound economics.

We Promote Thrift. This One Fact Justifies Our Existence in Economics

The first argument that he should not borrow because he has no financial experience is of prime interest to us. Here is our chance—the great opportunity that you men have of showing our usefulness in society. Here is where we perform our real service. Here is where we justify our existence. When we lend to a borrowing worker we become his financial advisor. We teach him to budget his income and expenditure. We teach him thrift. We help him to get on his feet. Many a time we have loaned money to a man to help him get out of the clutches of loan sharks and when he has paid us off, he has never had to borrow again because we have taught him the basic principles of household finance.

Never before in the history of the world has the poor man been given this chance to have a friendly helpful financial advisor. He has seldom been able to go to a commercial banker for this advice ecause the banker does not want to bother with him. More than that, the banker usually does not know how to advise him.

A commercial banker says that his business is established to make commercial loans either to buy inventories or to buy materials and pay wages to transform the materials into finished goods to

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We supply an experienced collection service for all small loan accounts located in the Metropolitan area of New York City, Brooklyn, Long Island, Jersey City and vicinity.

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sell at a profit. The banker gets his interest repaid to him out of the normal movement of goods into receivables and receivables into cash.

The average commercial banker does not make chattel loans. As a rule he knows little about them and even if he wanted to make them, they are entirely too risky. The usury laws with 6% maximums keep the banker out of the business. In some cases where bankers have tried it, they have given it up as a losing proposition. Wherever bankers have organized personal loan departments, they have avoided the chattel loan, have required one or two endorsers on each note and have charged only bank rates. But in this field they are at a disadvantage as compared with the Morris Plan system.

But you can learn many valuable things from these bankers. They are financial advisors to their borrowers. Business men go to them on all kinds of financial problems and receive expert advice. The banker tells his borrower how to invest his money and how to carry on all kinds of financial transactions.

You have a similar opportunity in the field of personal loans. You can become financial advisors to your borrowers. You can perform a great service by doing so. Not only that, you must do it.

A short time ago, I was up at Harvard University and was talking to a great economist. He asked me, "Will the small loan business ever justify itself? I understand that the industrial lenders have loaned out over $100,000,000 to borrowing workers and that you are out to lend more. Why do you want to get those workers under obligation to you? Why are you so anxious to lend them small amounts of money that they will have to pay back to you at 36% and 42% a year?

This is our answer. We are not trying to get the worker into our clutches. All we want is an opportunity to meet the demand for loans. When a borrower comes to us and applies for a loan and we lend to him, we give him expert financial advice on managing his affairs. We tell him how to save. We show him how he can get completely out of debt on a schedule of easy payments. In this way we can help to increase the number of thrifty people in the country. A man who can pay us $2 a week for 52 weeks has learned how to save.

And if we by our training and advice, can decrease the number of improvident workers and increase the number thrifty people by even so much as one per cent, we have justified our existence. I do not know the figures, but I have heard it said that we have increased the number of thrifty people in states where we operate by at least three to five per cent.

The Luxury Argument

Then there is another argument which is used to denounce our business. This is the argument that the borrower will use the money to buy luxuries. They say if he does not borrow, he will buy only necessities, but if he can get $200 or $300 somewhere he will very likely fool it away on things he should not buy. "It is a bad thing to spend money for luxuries."

What is a luxury? What is the difference between a luxury and necessity. This is one of those college boy questions. Every college student studying economics is expected to know the right answer to this question. He reads it in a book on economics and then he knows the difference. But even after he gets the definitions all memorized he will find he is confused.

Two hundred years ago soap was considered a luxury. Now it is a necessity although many people do not care much for it. A long time ago, it was against the law to have bathtubs. It is said that Benjamin Franklin invented some kind of contraption to get around this law. He was denounced for it. It was supposed to be a very bad thing to take a tub bath. Now bathtubs are considered a necessity, although I read not long ago of a hobo who was taken to a hospital and compelled to take a bath. The shock killed him.

A short time ago the automobile was considered a luxury. Now it is recognized as a necessity. The horse and buggy which were formerly considered necessities are now luxuries. Nobody can afford to bother with them.

So this argument that the poor man is likely to buy luxuries with his borrowed money falls flat. It is too difficult to say what the luxuries are. Furthermore, we can nail that argument because we as lenders usually know just what the loan is going to be used for and we usually will not make the loan unless it is for a justifiable purpose.

Should Money be Loaned to Workers to Buy Things to be Consumed?

Then there is another argument which some economists are continually hammering at us. The argument sounds reasonable and many business men accept it even if they do not see through it. They say it is economically justifiable to lend money for production but economically unsound to lend money for consumption. It is all right for the big commercial banks to lend money to build railroads and threshing machines and bridges and factories because that money is used for production, but when you lend $25 to a man to buy a ton of coal or a radio or groceries or $300 to buy an automobile, all these things will be consumed and that is bad. "You should never lend money to a man to enable him to consume anything."

Some economists hold that against us. They say our business is economically

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One of the leading executives of the Industrial Loan Business said in 1925, "This book *Usury and Usury Laws* is worth $100,000 to the Small Loan Business." Another man, a vice-president of one of the leading chains of loan offices said in 1927, "It is impossible to estimate the value of *Usury and Usury Laws* in building up good will for the Business and educating the public."

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not justified because we finance the consumption of goods when it would be much better to lend that money for production. They say a commercial banker is justified because his lending is productive.

But here again is another fallacy. They say commercial banking is more justified than our business on only one ground. They forget that these commercial banks lend hundreds of millions of dollars for speculation in the stock markets. The implication is that that kind of lending is also more justified than our kind of lending to poor borrowers. But common sense tells you that there is not much justification for loans for speculation. If there is any kind of borrowing which should not be allowed it is this borrowing for stock gambling. But no one thinks of trying to stop it.

But there is another fallacy in the argument that money should never be loaned for consumption and that the only justifiable loan is for production.

Take the process of making bread. It is supposed to be right and proper to lend money to farmers to plant wheat or to lend money to grain dealers to buy the grain or to lend money to the grain brokers to speculate in grain, or to lend money to the millers to help them grind the flour. Then again it is supposed to be proper to lend to the bakers to bake the bread and to the retailers to sell the bread. All these are steps in the production of the bread.

But when it comes to lending money to the worker to buy the bread to eat, or to buy clothes to wear, or to buy coal to burn, the theoretical economist says, "No!" It is bad to lend money for consumption.

But here is the fallacy. The production process is not complete when the goods are on the dealers' shelves. If production went no further than the dealers' shelves, the whole process has been in vain.

Production is never complete until it reaches the final buyer. The real aim of production is to satisfy human wants, to increase human happiness or to produce human energy. We lend money to the worker to buy bread and meat and other groceries and in so doing we help produce or increase human energy which after all is nearly all there is to production. We lend to help him buy clothes to help him put his human energy to work. We lend to buy him coal because this helps increase his human energy. We lend to buy school books because with the right knowledge, the effectiveness of his human energy is increased. If what he buys increases his happiness, his better frame of mind makes his energy more effective and he becomes a more valuable citizen.

Every step in all kinds of production leads ultimately to the production of facilitating of human energy. Loans for railroads, factories, buildings and everything else merely set in motion the process which finally ends in increasing the quantity or effectiveness of human energy.

In other words, we *do* lend for production and the part of the productive process that we finance is the most important part of it.

The only kind of lending for consumption is lending for wasteful purposes and we as lenders certainly never allow the money we lend to be wasted if we can prevent it. On the other hand the most wasteful kind of lending there is, is the lending of money for stock speculation where actual statistics show that over 90% of those who speculate on margins lose all their money.

This claptrap argument that we should not lend to workers to buy food or coal or clothing or school books on the ground that such loans are unproductive is comparable to the stuff I read by the economist writing 105 years ago attacking the banks. It is clear off the track.

Fourth Fallacy: "Working Men Should Not Borrow Because Poor Risks"

The fourth argument that workers should not borrow is the greatest fallacy of all. There are influential people who declare that "consumptive borrowing" is very bad because workers are such poor risks. They may be discharged and may be unable to pay. They may move away and get out of paying. They may have an accident and may be unable to pay. For all these reasons such borrowing should be prohibited.

But stop a minute. Who takes these risks? Who knows whether the risks are good or bad? If such loans are made and not repaid, who loses? Certainly it is not the borrower. If anybody loses it is the lender. Common sense ought to show that if the lender is willing to take the risk, it is sound economics for him to take it.

If we can get a sufficient legal rate to cover the costs of the risks, it makes a perfectly sound transaction. In some states 3% is enough. In others, 3½% is sufficient. For some loans 3% is enough. For other smaller loans, even 5% would be too low.

In the year 1921 there were 67 lenders operating in Massachusetts under the 3% maximum and their average profits amounted to 7.4% the invested capital. Of those 67 lenders, 13 lost money. Clearly 3% is not enough in Massachusetts. Commercial bankers in that state show larger profits on original capital invested. All the lenders operating in New Jersey averaged only 12% on the capital invested during 1927 but some made more than that figure because of good management and there were some who showed no profits at all because of poor management in the selection of risks.

These are the four most common arguments advanced against the economic necessity of our business and they are held by many influential people. Many of you here today have heard of some of them. But I believe you will agree with me that all four of these arguments are unsound. The lack of financial experience on the part of the borrower is no pretext for denying him the privilege of borrowing when we as lenders give him expert financial advice and require him to budget his finances. The fear that he will waste the money in foolish expenditures is unfounded because we as lenders will not permit it. The argument that loans for the purchase of food or coal or clothing or household requirements are unsound becomes ridiculous when we realize that all activities of our economic society are organized for the final end of producing human energy and human happiness. Finally the idea that the borrower should not borrow because he is a bad risk is so absurd as to be amusing to us who take the risks and are the only people to lose if the risks are bad.

What does all this argumentative reasoning have to do with our future? Well it has a greater importance than appears at first sight. We often find our progress blocked because of people who hold these beliefs. We must batter them down. We must spread the truth. You men must know your economics. You must know how to answer these absurd ideas. Some day they will all be obliterated and when that day shall come, our business will come into its rightful place of respect and public approval.

I might go on and survey the field of 15 or 20 other elements which enter into the problem of our future but I have said enough. In closing I am going to present to you just one thing. I have a wonderful picture in my own mind of what our future is going to be and I am anxious that you will also see it. In my mind this picture is complete and full of details but I can make you see it by drawing in your imaginations just a few bold strokes.

Here are the bare outlines of this picture of your future. We now have 120,000,000 people in the United States and by 1940 this will grow to 140,000,000. The average number of people per family is 5 so that our 120,000,000 people comprise about 24,000,000 families. By careful estimates and from studies made by the National Bureau of Economic Research, we find that the average family spends about $1,600 a year for household needs. Multiply this by 24,000,000 families and you have the total purchasing power of the people of 38 billions of dollars spent every year for food and clothing and all the other things which workers buy with the money we lend them. This amount was spent in 1927 by our population, 60% of which is now industrial. By 1940 this total will be 50 billions and our population will then be 70% industrial.

I keep talking of 1940 because our greatest growth is going to be in the next twelve years. Right now we have only 2,300 licensed loan offices operating under our legislation. The total amount of money we loan to finance purchases of household needs is now only about $100,000,000. Professor Seligman of Columbia University recently made a study of instalment buying and by careful tabulation he found that of this total of $38,000,000,000 of household needs purchased last year, only about 4½ billions were on the instalment plan.

Do you know that we are in the business of instalment selling. When we lend to a worker we are not lending him money; we are lending him household purchases. When we lend him $200 it always goes to procure things around the home. Everything around the home is included in that total of 38 billions. It includes doctors' bills and music lessons and doing washings and everything that the working man's money is spent for. The little $100,000,000 which all the lenders in our business advance is only a drop in the bucket. The Morris Plan loaned $160,000,000 last year. If we take our business and the Morris Plan and the credit unions and the high rate loan sharks and put them all together the total of all the different branches of the personal finance business will not be over $500,000,000 or half a billion. If we add this to the 4½ billions financed by

instalment selling the total is not over 5 billions.

So you see that the instalment selling business is just in its infancy. By 1940 with a total purchasing power in the United States of about 50 billions, instalment selling will amount to perhaps 10 billions. At any rate it is going to increase in the future because it is a sound economic transaction. There is nothing at all wrong with instalment selling. And there is nothing at all wrong with industrial lending which is just another form of instalment selling. People who borrow our money are really buying things on the instalment plan and paying us on periodic payments instead of paying some one else.

Our future is wrapped up in that. Do you get the vision? The mere $100,000,000 that the combined resources of this business now has loaned out, is very small compared to what we are likely to have in the future. I do not mean to say that the demand for our loan service is right now much larger than the $100,000,000 we have loaned out. Demand and supply are always in balance. But as the loan sharks are run out of business, the demand for our service will increase and as instalment selling increases, there will be further increases in the need for our loans. What I mean to say is that the $100,000,000 we now have loaned out is just the beginning and that I can see wonderful possibilities for the expansion of the volume of our business as the years pass. By a very conservative estimate we can have 1 billion loaned out in this business by 1940 and the saturation point will be still several billions away. You can draw your own conclusions from this as to what our future will be.

DUES

Bills for the payment of National Association dues were sent out prior to February 1st and at the time this is written, most of the members have responded with checks for their dues. However, the records in the secretary's office indicate that some members have apparently overlooked the matter as there are still some members' dues which are not yet paid. To avoid unnecessary correspondence, the secretary desires to bring the matter to the attention of all the members whose dues are not paid in this manner, and hopes that he will not be obliged to send out any follow-up letters. Any member who has not received his 1928 membership certificate within the past few days may know that he is on the delinquent list and it is for his benefit that this notice is written. Your coöperation will be very much appreciated.

NATIONAL CONVENTION NEWS

Grand Rapids

Ideal City for National Convention and Your Vacation in September

In selecting Grand Rapids, Michigan, as the place for the 1928 National Convention, the Indianapolis meeting made a wise choice. Grand Rapids is known throughout the country as a convention city, and last year enjoyed the reputation of being host to over fifty conventions.

As the furniture capital of America, Grand Rapids is easily reached from all parts of the Union. It is served by five steam lines, two electric-urban lines, and numerous motor bus lines. Grand Rapids is truly a city of beautiful homes, and ranks second among the largest cities of the United States as to percentage of home ownership, fifty-two per cent of its homes being owned by the families occupying them. The city owns nine hundred and two acres of parks and boulevard lands in or contingent to the municipal limits. There is a park or play ground within fifteen minutes walk of every home.

The United States Government, according to statistics, rates Grand Rapids as one of the very healthiest cities. It has an absolutely pure water supply, and in 1926 not one death was due to typhoid fever. As a city slogan Grand Rapids employs the descriptive phrase, "A Good Place to Live," and it is indeed that. It has very little of the foreign element existing in most cities of its size. The population is made up of Home-loving people, and their hospitality is unsurpassed. They like to entertain, and are proud that they have been chosen to play host to the National body this year.

The writer of this article can emphasize his statement to some extent by a remark that was made to him by an old soldier from the East who was attending the G. A. R. Convention last year. The old gentleman in question said, "In my seventy-five years of life I have never before seen such hospitality as has been shown by the folks of Grand Rapids." That is proof of the attitude of our people.

Grand Rapids is an ideal place to spend your vacation. It is known as the gateway to the playground of America. A forty-five minutes ride brings you to the shores of Lake Michigan, where are established a number of fine summer resorts, where cool breezes will refresh you after a busy day. One or two hours ride takes you into Northern Michigan, where there are hundreds of inland lakes and streams, to which resorters from all over the United States come to spend their vacation.

Plan your vacation to include the National Convention in Grand Rapids, September 19th to 21st.

(Watch for next issue.)

OBITUARY

James A. Macbeth, a member of the Administrative Staff of the Household Finance Corporation, and well known in the small loan business, passed on at Miami Beach, Florida, Monday, March 12th. Services and interment were at Detroit, Michigan.

Mr. Macbeth was forty-six years old, and started with the above organization twenty-six years ago. He is survived by his widow, three sisters, and a host of friends.

To his widow and sisters we extend our sympathy.

WHEN A POOR MAN NEEDS MONEY

When a poor man needs money, he needs it in a hurry. He cannot wait for days or weeks until some kind friend makes up his mind to loan it to him or to endorse a note in his behalf so he may get what he needs elsewhere. According to the general run of things, a man's friends seem to be besieged with a number of financial troubles themselves when poverty overtakes him. Hard luck seems to come in the form of an epidemic always.

Hence, the poor man is confronted with a knotty problem. Not having any property, he cannot secure money on a mortgage. Even if he is fortunate enough to have a clear title to his tumble-down shack, it will cost him from $35 to $50 for title-search, appraisal, recording, lawyer's fees and court costs, no matter how small the amount he wishes to borrow. All this expense is in addition to interest on the amount. Hence, if he wishes to get $300 for his family needs, it will cost him approximately 20 per cent of the principal for a year.

But, as a rule, he owns no property and a mortgage is out of the question. Not owning any stocks or bonds, he cannot go to a bank, like a moneyed man, and float a collateral loan on which the interest is only 6 per cent. And, as is usually the case, not being able to carry much insurance, he has little chance to get enough ready money by surrendering his policy for cash. Even if he cared to do so, he'd think twice before taking the step—knowing he would be depriving his wife later. So, with no friends, no property, no securities, where is he to go to get the money he needs, and needs badly?

He has only one resort—the loan office. Much has been said against the loan office and its methods. Maybe much of it was justifiable. But, when all is said and done, the loan office is the poor man's banking house. At least, it is the only place that will loan him a substantial amount on what little personal property he has without advertising the fact to the community or forcing him to humble himself in front of his friends, if any there be who might go his security.

Of course, he is binding himself—body, soul and all earthly possessions. But the man needs money. Perhaps he is out of work, his wife or children may be sick or there may be no food in the family larder. It is a case to get the wherewithal and get it quick. And, while the cost of borrowing is almost prohibitive (interest being 42 per cent) and the risk of losing everything great, it is necessary that he do business with the loan people because he cannot get a hearing elsewhere. Furthermore, he knows he MUST PAY IT BACK, or be dispossessed.

All of which goes to show that the poor man's lot is certainly not enviable. When he is down, it seems to be the rule for everybody to kick him. If ever there was a fellow justified in saying he never had a chance, it is the man who needs money.

Incidentally, it might be well to inquire why the state banking law has penalized the poor man to pay a legal rate of 42 per cent interest. Surely, it is only the man without money, or one who needs it badly, who borrows on the loan office plan. Of course, chattel loans are risky business transactions to a certain extent but none is ever negotiated unless the furniture or other personal property justifies the amount asked for. And, in cases of failure in payments, it is the borrower who loses all—not the lender.

The poor man pays $110.40 on a loan of $300 for 20 months; the rich man pays $30 on the same amount for the

ame time. Surely, there are just as nany honest men among the paupers as among the rich. Then, why, wherefore, etc.?—WILLIAM R. MACKIN, *in the Baltimore Daily Post, March 24, 1928.*

How many Industrial Lenders know the philosophy of their business well enough to answer Mr. Mackin's question convincingly? The A. I. L. A. has literature that answers the questions and has sent some of it to Mr. Mackin for his education.—G. W. K.

CRIMINAL ACTION ON LOAN SHARKS IS BEGUN IN CITY

'EN SUMMONS ISSUED BY CHIEF MAGISTRATE MCADOO AT OTTINGER'S REQUEST

U. S. Grand Jury Busy

'ombined Drive the Result of Hundreds of Complaints

Starting a drive against loan sharks who are said to extort $20,000,000 a year rom small borrowers by usury, Chief ity Magistrate McAdoo, acting on comlaints submitted by Attorney General)ttinger, issued summons yesterday for ioney lenders whose cases are to be eard Thursday at 2 p. m.

This action, which starts the Attorney ieneral's prosecution of loan sharks iroughout the state, was decided on after hief Magistrate McAdoo had conferred ith George W. Davis, Assistant Attorey General, Albert A. Raphael, a Spe-ial Assistant Attorney General, and Leon lenderson, representing the Russell Sage oundation.

50 TO 100 PER CENT INTEREST

Evidence was submitted that money enders with their center of activity round Broadway and Forty-second treet charge by various subterfuges rom 50 to 100 per cent on small loans taxicab drivers, city employees and)w-salaried clerks and artisans. Often ie usurious rate is deducted from the ioney advanced, the borrower signing a o'e covering a sum equal to the loan nd the interest. Owners of taxicabs, was said, are required to put up their ars as collateral and then are charged xhorbitant rental fees.

Chief Magistrate McAdoo said in re-erring to the complainants: "They have iade to me, as magistrate, an oral comlaint against certain persons whom they llege, under the guise of loan agents or ompanies, have been charging usurious nd extortionate interest for loans of ioney. They have asked me as magis-rate to begin an investigation.

NOT A JOHN DOE INQUIRY

"This investigation will be conducted nder Section 82 of the Interior Criminal ourts act, which reads as follows: When a complaint, oral or written, is iade to a magistrate and the magistrate eliewes that in the public interest he iould inquire into and investigate the omplaint so made, he may in his discreon issue a summons.'

"I am quoting this section because this not what is usually termed a 'John oe' inquiry. The latter is based upon n information made by the district at-rney and as against defendants unnown."

Simultaneously United States Attorney Charles H. Tuttle began an investigation of complaints about money lenders made in about a thousand letters he has received. John M. Blake, Assistant United States Attorney, had a score of witnesses before the Federal grand jury. The evidence showed automobile owners could get loans of $200 to $300, with interest at $20 for each $50 borrowed. In one case a borrower who defaulted on a $9 payment lost his car through seizure.

WAR OPENS AGAINST USURERS

Business Bureau Prepares to Battle Loan Sharks; Gets First Warrant

Usurious pawnbrokers are bleeding needy families and injuring legitimate business, according to S. B. Kempton, head of the Better Business Bureau, who announced Saturday his office was preparing a drive to make loan sharks comply with state laws or close shop.

The first step was taken when the bureau obtained a warrant for Louis R. Grosslight, 72 Monroe avenue.

According to Kempton, many Detroit pawnbrokers charge 10 per cent interest a month. The legal rate is 3 per cent.

"The poor man, not knowing the law, goes to the loan shark, happy to get what he can," Kempton said. "He seldom can redeem his pledge, because interest mounts up so rapidly.

This practice hurts the business of law abiding pawn brokers and other loan agencies. It wreaks havoc in both directions, like a two-edged sword."

Loan sharks Kempton charges, further break the Pawnbroker Act by failing to print the legal rate of interest and certain portions of the law on each pawn ticket. Others stamp these facts on tickets, but blur the printing so the holder is unable to decipher it, he says.

"Many of these loan sharks are extremely wealthy," said Kempton. "They make their greatest profits during a period of depression."

The Pawnbroker Act sets the penalty for usury as loss of principal, interest and the pledge.—*Detroit Times, 3-18-28.*

NEW LAW DEATH BLOW TO LOAN SHARKS

The Better Business Bureau of Syracuse, New York, took a prominent part in the movement which led to the passage of an amendment to Article 368 of the Banking Act by the Legislature upon March 14th. This amendment is aimed directly at salary buying, by bringing such methods of making small loans directly under the terms of the Usury Act.

The Bureau in conjunction with other agencies has been carrying on a steady publicity campaign calling attention to the victims of salary buyers to the fact that they are under no legal obligation to pay. As far as the bureau can ascertain, the local salary buyers have suffered a heavy drop in business and a large percentage of their customers are "holdouts" who refuse to pay the usurious rates of interest any longer.

It is estimated that residents of Syracuse have lost $100,000 a year for the past four years due to operations of salary buyers. This loss has already been materially reduced. As typical of what has been going on in Syracuse until the bureau took hold of this situation, may be given the case of Mr. M. who is a brakeman on the New York Central Railroad. In April, 1926, due to illness in his family, Mr. M. was forced to borrow $35.00 from one of the salary buyers. He was never able to pay off the principal and up to March 10, 1928, when he came to the office of the bureau, Mr. M. had paid $186.50 interest and still owed the original $35.00. Mr. M. was informed by the bureau that he was under no legal obligation to continue making these payments and that the principal sum could not be collected through the Courts.

In this connection it is interesting to note that one of the salary buyers in Buffalo recently brought an action to collect in the Municipal Court of Buffalo. The action was defended for a resident of Buffalo by the Legal Aid Society and resulted in the salary buyers' case being thrown out of Court when the Judge held that it was a usurious transaction and not collectible.

REVIVAL OF THE LOAN SHARK EVIL

They are having trouble with the so-called loan sharks in New York. The authorities have begun a drive against them backed by the Russell Sage Foundation. The Broadway district is said to be the principal haunt of the usurers and United States Attorney Tuttle is authority for the statement that $25,000,000 have been extorted from victims in the course of a year. Since the investigation began at least a thousand persons have complained strong-arm methods have been used against them.

One man testified that his $1,100 automobile was seized when he defaulted on a final nine-dollar payment. City employees and salaried men have been victimized, and it is asserted that the average premium paid by automobile owners in the hands of the shark has been $20 on each $50 borrowed. This way leads to disaster, of course. The present campaign has been caused by the insolence of certain offenders who insist that they are beyond the reach of the law. But some of them are likely to have a rude awakening. The United States Attorney is proceeding under the postal statutes, while Chief Justice McAdoo has discovered that he can act under the state banking laws.

This sort of thing was at its worst in Philadelphia a few years ago, and at that time the sharks were pretty well cleaned up through the Department of Public Safety, under the leadership of Detective Alfred Souder. One of the results of the local campaign was a change in the Pennsylvania law by which certain corporations were allowed to do business on a more liberal basis than the banks, but under definite restrictions. Most of these concerns, as well as private companies, are conducted honestly and with a decent regard for the rights of borrowers, but it is to be feared that many irresponsible individuals are again preying upon the poor.

It is all wrong and should not be tolerated. The effect of the New York investigation is sure to spread to other cities, and if the local usurers are wise they will abandon their ways before they feel the heavy hand of the law.—*Philadelphia Inquirer, 3-22-28.*

Errorproof Calculation for Loan Offices

By Thad Dean Wheeler

As genius has sponsored the development of devices which have removed the drudgery, human error, and, to a great extent, the labor involved in manufacturing processes, so also has genius penetrated the field of clerical work.

Time was when the prime requisites of an efficient clerk or bookkeeper were good, legible handwriting and an aptitude for figures. Without these—especially the latter—the employe whose work had to do with the quoting of figures or the compiling of estimates was always more or less a source of worry to his employer. For mistakes were as expensive then as they are now, and consequently many far-sighted clerks and bookkeepers developed the habit of keeping notes of the costs of various quantities of merchandise which were frequently quoted, thereby minimizing the likelihood of error.

This, however, was at best nothing more than a makeshift. Notes were habitually kept on cards, cuffs, and desk tops, soon to be mislaid, rendered illegible by handling, or forgotten. The hazard of this system, when followed to even a small degree of elaboration, was therefore great. So naturally, when the earlier types of calculating devices were introduced, they were met by comparatively little resistance even though many of them required a certain amount of skill or ambidexterity for efficient operation, much like the counters said to be used by Confucius, which one sees even to-day in Chinese laundries.

As most of the most efficient mechanical devices spring from an obvious and simple principle, so has calculation according to the system discussed in this article, arisen from the principle of keeping every problem, already worked and proved, always before the clerk or bookkeeper.

The Meilicke Interest Calculator.

This particular model is built to calculate successive steps of interest from 3% to 8% up to 300 days. It is not the model referred to in the text.

How this is done in such a way that this conglomeration of answers ranging sometimes from a few pennies to several hundred dollars per answer, is solved by C. A. Meilicke, of Chicago. Meilicke is as much of a psychologist as he is a mathematician. He knows that to the average clerk or bookkeeper the tedium of mentally working out mathematical problems is conducive both to error and to nervous prostration. Therefore, why not give the clerk or bookkeeper every answer to every problem in the scope of his business, in tabulated form?

C. A. Meilicke,

President, Meilicke Systems, Inc., Chicago, Inventor and Patentee of the Meilicke Calculator.

Of course such a thing is easier said than done. For to give an ordinary clerk in a loan office, let us say, a set of answers giving the interest on every sum of money from $1.00 to $300.00 for from one to two hundred days at 1½, 3, or 3½% per day or month would require the working out and proving of many hundreds of separate problems. Then, too, a means must be devised which will render the entire system one of utmost simplicity, legibility, and compactness.

With these three requirements in mind, Meilicke set at work to perfect such a system of answers. After the initial labor of working out and proving each equation had been done, the next step—and by far the most difficult—was to whip the answers into such a shape that they could be easily found and the entire system understood by the clerk of average intelligence.

After some years devoted to study of the mental possibilities of clerks, bookkeepers, estimators, etc., and a close investigation of what they had to contend with in their work, a device called the Meilicke Calculator was perfected. This consisted of a rack, or base, of cast-iron. Rubber shoes on each of the four feet prevent scratching of desks or counters.

A series of cards are used, each containing groups of answers in accordance with the extent and type of calculator. For instance: If the purpose of the device is to give rates of interest on loans at 1½%, 3%, or 3½%, the operator will refer to the card in the proper calculator indicating the *number of days* for which interest is being charged. Generally, the requirements are from 1 to 200 days.

The operator now opens the Calculator at this card, showing rows of numbers boldly printed in green. These numbers represent the principal, or the amount on which interest is to be charged. And if the calculator gives its answers on amounts up to $300, let us assume, the green figures indicating the principal are shown in three sections of ten columns on each card. Each section is printed horizontally, and consists of ten principal figures, *i. e.*, the first section giving principals of from $0 to $99; the second, from $100 to $199, and so on.

Printed in green in smaller type to the left of each principal figure are figures ranging from 1 to 9 inclusive. These represent divisions of the principal, for which interest is being charged. Immediately to the right of each small green figure, and directly under the principal figure, is printed in black the answer.

Now let us consider a typical problem: A clerk wishes to find the amount of interest to charge on a loan of $47 for 17 days. He will open the Calculator at the index 17, which denotes the *time*, or 17 days. He will now choose the column under the green, or principal figure 40, and run his eye down to the small green figure, 7. Thus he has 40 and 7, or 47—the amount of the principal. And being on the 17-day card, all amounts of interest charged on all sums up to $300 at whatever rate of interest the Calculator is designed for, are shown by the black figures. Thus, the interest on $47 for 17 days would be found on the 17-day card, at the intersection of 40 and 7.

The Meilicke Combination Time and Interest Calculator.

This model gives not only interest from 3% to 8%, but also gives total elapsed days.

The cards are cloth-hinged and removable. The indexes, or "day numbers," are reinforced by celluloid. In all, the outfit is sturdy and durable. It has become extensively popular among loan offices throughout the eastern and midwestern states, together with other models designed for the computation of interest in banks and still others—numbering in all over fifty—which calculate time, yards, tons, units, dozens, etc.

EXTRACTS FROM 1928 REPORT, JOINT COMMITTEE FOR THE STUDY OF LEGAL AID OF THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK, WELFARE COUNCIL OF NEW YORK CITY

In the main body of the report under (b) OTHER GOVERNMENTAL AGENCIES PROVIDING ADVICE HAVING SIMPLIFIED PROCEDURE; p. 62.

"THE STATE BANKING DEPARTMENT by virtue of its jurisdiction over certain companies, institutions, and private bankers with whom immigrants and others deal as well as over personal loan companies and brokers has, it would seem, the opportunity to aid the poor man who has been defrauded or who has lost some right through his dealings with them.

The information was conveyed, however, that the Banking Department did not consider it its function to adjust differences arising between the institutions under its supervision and their customers, especially when the questions at issue may subsequently be the subject of litigation. The department further stated that there was a lack of power on its part to enforce decisions.*

While our "loan sharks" laws have minimized evils, there is still much illegal lending. It would seem that the difficulty does not lie so much with the small group of licensed lenders as with the unlicensed ones. The existence of these outlaws is due largely to the fact that the statutes so strictly limit rates that well-intentioned capital does not often enter the business, and even where lenders are licensed they cannot always risk loans at present rates on some kinds of security. The result is that many borrowers must go to unlicensed lenders. Attention is directed to the Uniform Law of the Department of Remedial Loans of the Russell Sage Foundation now in force in twenty-three other states, for suggestions. The difference between this law and the New York law lies almost entirely in the rates allowed licensed lenders. As to licensed lenders who may violate the law, revocation or suspension of their licenses at the request of the victims might well provide a better remedy than that of leaving them to slow and expensive individual law suits as at present. As to the unlicensed ones the State Banking Department should have the power, duty and facilities to ferret these out and to have them punished criminally."

Appearing in CONCLUSIONS AND RECOMMENDATIONS under heading "Separate Topics for Recommendation"; p. 149.

Administrative Governmental Agencies

1. "It is desirable that increased attention be given by, and increased power and facilities be given to the State Banking Department in the discovery and prosecution of unlicensed small loan agencies so as to prevent recurrence of the loan shark evil. Also there should be regulation of any abuses by licensed agencies, through the power of revocation or suspension of license. Finally, the Russell Sage Uniform Small Loan Law should receive consideration by the legislature as embodying more workable provisions on rates on loans than the present New York law."

* See Banking Law, Art. IX, Secs. 348-373; also see Sec. 31. See also Sec. 22 of the General Corp. Law exempting ticket, express, and foreign exchange agencies.

NEW YORK CITY COLLECTIONS

Members having accounts in New York Ctiy may like to try the services of Henry Salant, Attorney and Counselor-at-Law, Potter Building, 38 Park Row, New York City. He has rendered satisfactory service to some of our members on the following basis: 50% of any amount collected and no fee if there are no results. In other words, his charges are on a purely contingent fee basis. As New York Laws prohibit an attorney from advancing disbursements in consideration of getting business, and since the Appellate Division has recently intimated in a decision that these rules with reference to attorneys will be drastically enforced, it will be necessary for the client to advance the disbursements, which in the case of industrial loans never exceed $5.00 and most often are less.

MARYLAND

The regular monthly meeting of the Maryland Industrial Lenders Association was held in the Board Room, 22 Light Street, Tuesday evening, March 13th.

The meeting was called to order by the chairman, Chester Gardner.

Roll Call—There were 41 present at this meeting, representing 20 offices.

Reports

Treasurer: Mr. Baseman reported $831 in the treasury with all bills paid.

Membership Committee: Mr. O'Neil reported that his committee is on the job and has several offices lined up for membership and has two names to present at to-night's meeting.

Vigilance Committee: Mr. Rosenfield is still working on the case he has at the post office department (The Postal Credit Union) Mr. Marquette, manager. Mr. Rosenfield will have more to report at our next meeting on this matter.

Law Committee: Mr. Bryant advised us that at the meeting of the Executive Committee to be held next week, he will bring several matters up for consideration.

New Business

C. Howard Hood presented the resignation of the Interstate Service Corporation.

Upon motion duly seconded said resignation was accepted.

Mr. Hood presented the name of the Industrial Service, Inc., 8 East Lexington Street for membership.

Upon motion duly seconded the Industrial Service, Inc., were unanimously voted into membership.

The application for membership of the Newark Cash Credit Corporation, West Baltimore Branch, was then presented for membership.

Upon motion duly seconded the Newark Cash Credit Corporation were unanimously voted into membership.

The secretary again brought up the question of having a regular meeting night for the Association. After considerable discussion it was regularly moved and seconded that the second Tuesday of each month be the regular meeting night of the Maryland Industrial Lenders Association.

ATTENTION

Owners of Loan Offices in America

A consolidation or merger of independent small loan offices is proposed in the 25 states having a uniform small loan law.

One office only in each city having a population of 25,000 or more will be eligible.

Qualified owners will have the opportunity to be retained as managing vice-presidents or executives.

Mass production in manufacturing, chain store merchandising, inter-state chain financing are the important economic factors of the future.

Will buy for cash — part cash and stock — exchange securities.

Confidential correspondence invited.

Address answers to Richmond Wharton, Room 101, 34 Pine Street, New York City.

The chairman advised us that our last meeting in Frederick had created such a good impression that the Chamber of Commerce of Cumberland and also of Hagerstown had invited us to hold a meeting in their city.

E. F. Moore, E. E. Hougham, William Young, and others spoke on these meetings and all decided out-of-town meetings were a good thing and it was decided to hold these meetings later in the year.

The chairman appointed H. T. Mattingly, chairman of the Banquet Committee, of the annual meeting to be held in May.

Harry Caldwell of the Davis Advertising Service, gave a talk on Publicity.

There being no further business to come before the Association, it was regularly moved and seconded that we adjourn until our next meeting, which will be held in April.

E. M. GARREN, *Secretary.*

RHODE ISLAND

A special meeting of the Rhode Island Industrial Lender's Association was held on February 27, 1928, at 7:30 p. m., Biltmore Hotel, Providence, R. I.

Chairman Neal presided. Sixteen members responded to roll called by the secretary.

Webster A. Kefauver, chairman of the Membership Committee, of the Providence Credit Managers Association, gave a short talk on the benefits of a membership in the above association and was listened to attentively.

W. G. Wood of the Law and Legislative Committee reported at length on work accomplished.

A special assessment was approved and chair was authorized to name a committee of three to contact members on this question. Chairman Neal then appointed Messrs. J. G. Findlay, F. N. Kennon and W. E. Winters.

Mr Wood then read the new Constitution and By-Laws and then a motion was made to annul old Constitution and By-Laws and to adopt the new drafts as read. Passed.

Motion was made by Mr. Wood to reconsider the motion of new Constitution and By-Laws adoption and upon being seconded it was so voted.

Mr. Wood then moved that the new Constitution and By-Laws be adopted as read and to take effect at the regular April, 1928 meeting. The motion being seconded by Mr. Pomfret, it was passed.

The purpose of meeting having been accomplished, motion to adjourn was approved.

E. LAGUEX, *Secretary.*

PENNSYLVANIA

The regular monthly meeting of the Pittsburgh Industrial Lender's Association was held at the Seventh Avenue Hotel on Thursday evening, March 8, 1928 at 7 p. m.

After the dinner, which was arranged for by our chairman, Mr. Loupe, the members were addressed by the Hon. James Magee, ex-congressman. Mr. Magee gave a very interesting talk on the birth and development of aeronautics, and explained that he was interested at the present time in a plane which he hoped we would all see start from Pittsburgh and complete a trip around the world. The members showed their appreciation to Mr. Magee for his very interesting talk by giving him a rising vote of thanks, and our chairman, Mr. Loupe extended the Associations' thanks and best wishes to Senator Magee.

The meeting was then called to order by Chairman Loupe, and upon motion by Mr. Schultz and seconded by Mr. Hartman, the minutes of the previous meeting were approved as distributed.

Upon order from the chairman, the secretary was instructed to call the roll, and the following members and guests were present: Mr. Hipp, Mr. Loupe, Mr. Schultz, Mr. McCartney, Mr. Hartman, Mr. Kehr, Mr. Thale, Mr. Kent, Mr. Martin, Mr. Northart, Mr. Fisher, Mr. Easley, Mr. Barker, and Mr. Shaeffer. Guests: Hon. Mr. James Magee, Mr. J. R. Harkness, Harrisburg, Pa., Mr. E. H. Biel, Philadelphia, Pa., and Mr. Otte.

AUDITING COMMITTEE

The committee appointed by Chairman Loupe to audit the accounts of the treasurer reported a balance on hand as of March 3d, of $139.97.

E. E. SCHULTZ,
M. HARTMAN,
Auditing Committee.

TREASURER'S REPORT

Cash in Bank, Feb. 1, 1928.....	$43.26
Dues from members to Mar. 3..	315.00

DISBURSEMENTS

Rent for February.....	$37.50	
Meeting Dinner 2/9.....	16.50	
Stamps	5.00	
Telephone	24.29	
Operator's Salary 2/15....	67.50	
Operator's Salary 2/29....	67.50	
	$218.29	$358.26
Cash in Bank March 1st.	139.97	
	$358.26	$358.26

Respectfully submitted,
A. H. THALE, *Treasurer.*

Upon motion made by Mr. Northart, and seconded by Mr. Fisher, the report of the treasurer was received and ordered spread on the minutes.

NEW MEMBERSHIP REPORT

The chairman at this time placed the application for membership of the Allegheny Finance Corporation, 1008 East End Trust Bldg., before the members and upon a vote taken, they were unanimously elected to membership. Mr. Loupe at this time called upon Mr. Shaeffer, our new fellow member, and introduced him, expressing his hope that the Exchange would be of the same valuable service as the Association found it to be in the past. The new member will be known as No. 19, and the chairman requested that all the members make a note of this on their schedules.

Mr. Fisher then addressed the chairman, and requested information as to any committee appointed by the Exchange for ascertaining the number of open accounts carried by any one member. His reason for asking this information was that he had been approached by Mr. Kent for this information under conditions which he believed were instructions from the Exchange Committee. After considerable controversy on this matter the chairman informed Mr. Fisher that no committee had been appointed to obtain any such information and the information requested by Mr. Kent was purely personal for his own, or for his company's benefit, and it was optional to the members to supply this information or refuse same. The chair also wished to express his opinion that in his belief a misunderstanding occurred in this particular instance, however, he instructed all of the members that no information of a personal nature of this kind was interesting to the Exchange, and he hoped that a matter of this kind would not be brought up again.

Mr. Hartman at this time requested the chair to put the question before the members as to what protection was being taken to avoid doubles with the companies not affiliated with the Exchange, and this question again brought up the matter of reporting on judgments, and after a lengthy discussion the matter was finally disposed of by the chair giving the opinion that this matter was something for every individual company to handle in their own manner, the companies in question not being eligible to our Exchange.

Chairman Loupe at this time called the members attention to use caution in looking up open accounts which are reported from the Exchange, claiming that the negligence of looking up carefully would result in doubling, and he expressed the opinion that whenever a call was received by any member as to an account, to be sure the account was not still open when same is reported as closed.

No further business being before the Exchange at this time, Chairman Loupe called the members' attention to the vacancy of vice chairman, which had been held by Mr. Smith, and advised the members at this time to take notice that a vote to fill this office would be taken at the next regular meeting and instructed the secretary to notify the members of this in the regular way. Mr. Loupe then expressed his regret of not having Mr. Smith in our midst, Mr. Smith always having been a faithful and willing worker for betterment of the Exchange.

The Arrangement Committee also being vacant, chairman nominated Mr. Northart on this committee, and a request was expressed by all the members present that future meetings would be held at a different place. This request was given to Mr. Northart, who expressed the hope that he would be able to satisfy the members' wishes at our next meeting.

At this time the chair's attention was called to the fact that our fellow member, Mr. Fisher, had been ill, for some time owing to an automobile accident, and he extended the Association's sympathy to Mr. Fisher, at the same time requesting Mr. Schultz to act as a Sick Committee and report to the Exchange officers in the future any illness among the members. Chairman Loupe at this time called upon Mr. Otte, a former member of the Pittsburgh Exchange, and Mr. Otte in a brief talk expressed his pleasure of being with us to-day to renew old acquaintanceship.

Chairman Loupe now called upon Mr. C. J. Martin, successor to Mr. Smith of the United Small Loan Association, and Mr. Martin expressed his pleasure of meeting the members of the Pittsburgh Association. The chair then called upon Mr. Biel of Philadelphia, auditor of the Guarantee Loan Co., who gave a brief talk on Exchanges in other cities, and complimented the members on hav-

ing a model Exchange in Pittsburgh, which is generally patterned after when new Exchanges are opened up in other cities.

Mr. Kerr of the Beneficial Loan Society of McKeesport being present at that time was introduced by the chair to the members. The secretary at this time brought up the question of carrying insurance on the equipment at the Exchange office, however, on the opinion expressed by the members, it was deemed not necessary. There being no further business before the members at that time, a motion was made by Mr. Fisher, and seconded by Mr. Hartman to adjourn.

Respectfully submitted,
A. H. THALE, *Secretary.*

NEW JERSEY

The Quarterly Meeting of the New Jersey Industrial Lenders' Assn., was held at the Elks Club, Newark, N. J., March 22, 1928.

The meeting was called to order at 2:45 by Mr. Van Horn, the Chairman.

The Secretary, Mr. Buchman, called the roll and the following companies responded:

American Equity Corp., Trenton; American Finance Co., Perth Amboy; American Loan Co., Camden; Atlas Loan Society of Camden and Atlantic City; Beneficial Loan Society of Camden, Elizabeth, Jersey City, Newark, Orange, Paterson, Trenton and Union City; Bergen Co. Loan Assn., Hackensack; Bureau of Finance & Service, Newark; Community Finance Service of Camden, Elizabeth, Jersey City, Newark and Atlantic City; Confidential Finance Co., Newark; W. A. Dunn Company, Paterson; Equitable Loan Society of Newark, Elizabeth and Jersey City; Gibraltar Loan Society, Newark; Guarantee Loan Co., Camden; Household Finance Corp. of Jersey City and Newark; Industrial Loan Society, Newark; Max Knobloch Loan Co., Newark; Metropolitan Finance Service, Newark; N. J. Cash Credit Corp. of Asbury Park, Camden, E. Orange, Elizabeth, Hackensack, Jersey City, Newark, Trenton and Union City; New England Equity Corp., Camden; Peoples National Finance Co. of Orange, Paterson, Union City, Bayonne, Jersey City and Hackensack; Plaza Loan Society, Inc., Jersey City; Protective Investment Co., Paterson; Safety Loan Co., Newark; Standard Loan Co., Jersey City; Van Horn Agency of New Brunswick and Trenton; Italian Finance Co. Inc., Bayonne; Community Finance Service Inc., Trenton; Conservative Credit System of N. J.; Personal Finance Co. of Kearny; National Finance Service, Inc., Newark; U. S. Mortgage Co., Paterson; Beneficial Loan Society, Plainfield; Martin S. Kissel, Bound Brook; Personal Finance Co. of East Orange, Bloomfield, Passais and Perth Amboy; Consolidated Plan of N. J. Inc., of Newark and Paterson; Linden Finance Co. Inc., Linden; Passaic Loan Co., Passaic.

Mr. Buchman, the Secretary, read his report, stating that the Association now has 114 companies with applications for 12 new members.

Mr. Matthews, the Treasurer, read his report, stating there was cash in the bank of $2,318.72.

Mr. Montgomery, Chairman of the Executive Committee, asked that the minutes of the two previous meetings of the Executive Committee be read, which would constitute his report.

The Secretary read the minutes of the two previous meetings and this was to be taken up under New Business.

Mr. Watts, Chairman of the Legislative Committee, rendered a verbal report, saying that the Legislative Committee has not yet reached a conclusion of their labors for the present year, and that the resolution known as House Bill No. 56, which has as its purpose and intent the reduction of the rate of 3%, has been referred to the Banking & Insurance Commission and the only movement that has taken place has been that it was reported out and referred to the Committee on Miscellaneous Business. It is still in that Committee and as far as Mr. Watts is concerned, he said it could stay there until the session closes. Mr. Watts spoke of Senate Bills No. 257 and No. 258, which are companion bills, saying that Bill No. 257 is for the purpose of amending the Provident Loan Act of New Jersey, under which there is only one company operating and that is the Provident Loan Association of Newark, Bill Davis being the guiding hand. The second Bill was to amend your own Act under which you are now operating. These Bills are sponsored by the Banking Department and therefore they are receiving our support. We are not interested in Bill No. 257, Mr. Watts stated, but we realize that if No. 258 was enacted and No. 257 was not, that that which is now complained of by the Department in respect to the business of lending more than $300 to endorsers, wou'd not be curbed. Take as an illustration—A is made a loan of $300 with B and C as endorsers. The Banking Department wishes to prohibit and they have in these amendments the making of a $300 loan to be with A & C as the endorsers. It likewise would prohibit C from getting $300 under the Small Loan Act with A & B as endorsers. These resolutions are sponsored by the Banking Department and have passed the Senate and are in the House and will probably be enacted and get into law before the adjournment of the present Legislature. The Executive Committee has instructed the Legislative Committee to assist in the enactment of No. 258.

A vote of thanks was then given Mr. Watts for his able work on this Committee.

Mr. Buswell, Chairman of the Entertainment Committee, reported that through the cooperation of the Membership Committee the attendance at the banquet would be between 425 and 440 as compared to 344 at last year's affair. Mr. Buswell said he was particularly grateful to Mr. Schulz, Simonson, Wilbur, Corbett, Mansfield, Matthews, Wildman, Seabourne, Wetman and Whitstone, who without thought to their own time assisted him greatly and in fact did all the work of disposing of the large number of reservations. Mr. Buswell stated that approximately 70% of the membership would be represented at the banquet that night, which would start at 6:45. He further stated that the Smith Brothers of radio fame and also Mr. E. D. Van Amburg, Editor of *The Silent Partner* wou'd be there to entertain and speak, Mr. Van Amburgh to have as his subject, "How to Fail." Mr. Buswell announced that the Westchester Biltmore Orchestra would supply the music for dancing. He also stated that all the facilities of the Elks Club were open for the Lenders present.

Mr. Umlauft, Chairman of the Publicity Committee, stated he had succeeded in getting articles in the papers about the affair in the afternoon and at night. He said the three papers, *Newark Evening News, Ledger* and *Star,* had promised to send reporters up. Mr. Umlauft stated he had always made it his aim to get as much publicity in the papers as possible in trying to get the public better acquainted with the work of the Lenders. He said he had had the privilege of attending a number of the meetings, which had always been instructive as well as constructive. Mr. Umlauft then said it had been a great pleasure to shake hands with the "Old gang" but that there were sinners among them, some who hold meetings within the meetings, and it was sometimes hard to understand what was going on. He then said, "We have decided to present to the Association a gavel and I ask you, Mr. Chairman, to accept this little token on behalf of the Association, with great token and esteem."

After a great deal of applause Mr. Van Horn thanked the Association fittingly.

Mr. Young, Chairman of the Membership Committee, said he had heard the scretary report 114 members, but that he had 12 new applications which would make a total of 126 members in the Association. Mr. Young said in the morning he had done a little missionary work and another company is going to open up tomorrow. He said Mr. Simonson had promised to be there bright and early with an application.

Mr. Van Horn stated that only a few months ago the Association was striving to hit the one-hundred mark, and now are trying to hit the two-hundred mark.

The Chairman of the Auditing Committee announced that the report of this Committee comes up at the Annual meeting.

NEW BUSINESS

The Secretary read a recommendation taken up at the January 28th meeting as follows.

RESOLVED: That paragraph 9 of the Constitution of the New Jersey Industrial Lenders Association be amended as follows:

9. Quarterly meetings of this Association shall be held on the first Thursday after the first Monday in March, June, September and December in each year. The place of such meeting shall be selected by the Executive Committee. The June meeting shall be designated as the annual meeting and it is recommended that it be held at a coast resort. The annual banquet shall be held in December and it is recommended that it be held in Newark.

It was regu'arly moved, seconded and carried that the recommendation be adopted.

It was recommended that a committee of three be appointed by the Chairman to redraft the constitution and by-laws of the Association. It was regularly moved, seconded and carried that this be done.

The Chairman appointed Mr. Buswell Chairman of the Committee, and Mr. Igoe and Mr. Moore of Orange to serve on this committee.

It was regularly moved, seconded and carried that the Executive Committee approve of the passage of Bill No. 258.

Mr. Young read a letter which he had received from Mr. Hubachek.

The Secretary read names of twelve new members of the Association. Upon motion duly made, seconded and carried, the members were admitted to the Association.

The Secretary read the names of the following companies, after which Mr. Van Horn introduced the men affiliated with those companies: Consolidated Plan of New Jersey, Inc., 162 Main St., Patterson, N. J.; Consolidated Plan of New Jersey Inc., 216 Market St., Newark, N. J.; Home Credit System, Inc., Room 120, Tube Concourse Bldg., Jersey City, N. J.; Home Credit System, 20 Central Ave., Newark, N. J.; Linden Finance Company, Inc., 101 North Wood Ave., Linden, N. J; New Jersey Cash Credit Corp., 700 Emory St., Asbury Park, N. J.; New Jersey Cash Credit Corp., 154 Sanford St., East Orange, N. J.; New Jersey Cash Credit Corp., 45 Park Ave., Rutherford, N. J.; New Jersey Cash Credit Corp., 40 A. Bergen Ave., Jersey City, N. J.; New Jersey Cash Credit Corp., 694 Broadway, Bayonne, N. J.; New Jersey Cash Credit Corp., McCrory Bldg., 5 E. Palisade Ave., Englewood, N. J.; New Jersey Finance Service of Bridgeton, 34 E. Commerce St., Bridgeton, N. J.

Mr. Buck of the Pennsylvania Association of Philadelphia, was then introduced to the meeting by the Chairman. He said, "I don't know why I am here. Mr. Herron sent me up here to see how you do things. I have a lot to take back, especially about getting members. I expect to get help from Mr. Buswell. It is certainly great to be here."

The Chairman announced that the meeting was to have been honored that afternoon with the Chairman of the American Industrial Lenders' Association, Mr. Francis L. Thompson, but that he was unable to be there.

Mr. Frederick Fisher of New York City was introduced as the next speaker by the Chairman, his subject being on "Skips." He said,

"Speaking of Skips, I might start in and say that the big thing is to get them, and after you get them, make them pay. Skips in New York are not in my estimation any different than they are in Kalimazoo, San Francisco or Florida, or any other city. Of course we all realize that skips are a great discouragement, and a great loss. We found it so in our business and I know you boys have found it so in yours. However, from experience I find one of the biggest troubles is in not locating the skip at the proper time due to slowness or inactivity on the part of the L. M. and his assistants, leaving such a wide space of time between the actual day that the debtors skipped and the time they go after them.

In the beginning I might say in all fairness to myself, but I want to be truthful, that Skips are not hard to get and in saying that, there are a lot of you fellows who will say that Fisher doesn't deserve the 50% we pay him for getting them in New York. The time to locate a Skip is at the first notice to the Lender that he has moved, and if you start to work at that very point, the minute that you know he has skipped, we find that a big factor in locating him. Some companies send notices when payments are due, maybe the day before, and some companies the day after, or two or three days. When that letter comes back to you and it is marked by Uncle Sam on the envelope, "Removed," pick out your card, make a slow card, put the card in the record and put the name on it. A Skip worked that way has very little chance of getting away. Lots of times we will say, "Well that is way out there, I will let it go until tomorrow and Mr. Skip is gone for that day and afternoon, and it goes from weeks to months. We do find a lead and it runs up against a blank wall, we get another lead, we get out our Skip card and find that references are not all removed. The Supervisors and heads of every organization, whether it is the Beneficial Operating Bureau or my good friend, Bill Young, will tell you the same way, that in hiring each and every employee, the employer has confidence in the ability and honesty of the employee or head in hiring him. Take the slow card and now we are starting to go to work on Mr. Skip because he is slow and there is little on that slow card as we go along. There are different and many ways to chase a Skip. I could stand here for hours and days and tell you how to find them.

Every one of you gentlemen could get up and add three or four ways. With a slow card you start work on down through, and then leads become dead and you go back and review the work done. Did you see references? Take your reference sheet and check back with the work done. Did not see that one sheet was out. The last time was June 5th and I reported out. July 17th next, on that, and that was where I was slow. If you will enter on that card and find out how many different things you failed to do, it gives more encouragement and leads to more ability. The most profitable way to chase the Skip is *not* to go into the neighborhood and ask Mrs. Jones where they went to. She will say she doesn't know where they went. They were a terrible set she will tell you. Well, you go next door and ask if they know when Mr. Guilfoyle moved out and so it goes on in the immediate neighborhood. That husband and wife, particularly, will say things about them, everybody in the community hates them, they owe all kinds of bills, they moved out at three o'clock in the morning.

Regardless of how bad anybody in this world is they have always got a friend. The biggest crooks, no matter who they are, have a friend somewhere. If you don't pick up your lead to find them, go to find the friend. It cannot be found anywhere. After the third or fourth call the next stage was where he worked. Play a long-lost cousin. Surely someone must know where he is. Watch human nature. It is bound to come out. Getting back to the neighborhood where the wife was so illfamed. Has got the story and is right there in the neighborhood, but you must use diligence. Use the same method in New York and use the same method all over the country and we don't find any difference whatsoever. "Use the term T. T. T." Our office boy says "Tell The Truth," but our motto is, "Think Things Through." Now take a house where they lived and the place of business. The parents and relatives are in distant cities. You say, "Your daughter owes me $75.00 and she skipped out of such and such an address and she won't pay me. Will you?" The mother won't pay and won't tell where the daughter is. You must lead that parent into some incentive that the parent will come across and give you the information. Remember at all times you have one individual the, Skip himself or the Skip and his wife. Every time in every case you boys have a big organization that you back. You have your own office staff, the leads are blind and cannot be found. He is only one and I am 55 or 95 or 81 and if I do not have the answer I will consult with my L. M. and consult with A. M. If you can't find him, your Skip, with those three leads, what's next to be done? With those three things to follow you are bound to find him. You can't help but find him. I have seen boys work Skips three and four years old. That is a hard job, but when they first move out, that letter comes back that leaves a track like an elephant in the mud. The town is deserted, no one saw him go. Figure it out—trace the leads, work it through and above all never become discouraged at any time.

When a skip gets in New York, there are lots of men will say, "This fellow is in New York—you may as well say the Skip is in the United States." That information given to any Skip Chaser in New York is absolutely worthless. When he comes to New York and has an established address, you boys will come over from Jersey and you will walk up to him and say, "Gulifoyle, you moved away and I found you, will you pay up or not?" He knows all about it. Gulifoyle is now living in a furnished room the furniture is stored up somewhere else. He says he will take care of the account. He hasn't got any money in his pocket and he shows you he hasn't got it tonight and says he will give it to you next payday. He will give you anything you want. He figures out you are trying to exact a promise. Another L. M. will go over and he gives you $5.00 or $10.00. The L. M. and A. M. come back and think he is good and grants an extension of two weeks to pay a lot more money. Then the letter comes back and says, "Moved" and you start over once again.

In our company every one of our men are taught never to talk to a borrower personally. They would not dare to go up and ask a man to pay that bill. They already know he has no good intentions because he skipped out from New York, Indiana or Florida, or some other place. Take a man living at No. 434, and our men don't go to No. 436, they go across to No. 435. When did they move in? They first get the exact date they moved in and then talked with the landlord. They go to the house next door and see what that woman has to say. Now the point is how to say it and what to say. The big thing is that your are looking for information. After you have visited two or three people, and especially the landlord, I don't care whether it is a furnished room or boarding house, and you get the mistress or master of that house and talk to them, you ask, "Who are those people and when did they come in and where does he work?" That is the big thing—where he works. Find that out. Do you see the borrower at that time? No Sir, you do not. You find out what concern he works with. You can use credit reference or anything you want, but try to find out by verifying the business, how much he makes. With this information at hand you are all set, you are prepared to make and to combat any argument that the borrower is able to put up to you. "How do you do—probably you remember me, I am from

such and such a Loan Company in New Jersey, and I want to know what you are going to do about the account. Not for $5.00 or $10.00, but the whole balance regardless of how small it is or how big. What can you do? You have moved without our permission, have moved your household goods. We want you to know that we are not furniture dealers. We deal in money and we want our money. It was explained to you at the time you got the loan in case of default of one payment the balance becomes due." You tell him this and he immediately starts to stall. It is a common matter. You say, "Well do you want me to take the matter up with Mr. Snyder at the Buick Motors? Snyder is his manager at the Buick shop. The moment you mention that man, he becomes anxious to know what you want, what is his attitude? You know what he draws a week. You put it down. And extend your time over to such and such a date. You want to see a full payment. With Jersey so near to New York you can afford to use that operation and you get the debtor that would live in New Jersey paying by mail or coming to the office. We are in close proximity to New Jersey—if you want us to handle it for you in New York we would be perfectly happy to do so. There is none too small or too big. With that knowledge in hand you have your man trained, but the minute he becomes master of the situation, you are lost. If he is broke and can't afford the money, make him prove it by positive evidence, then take it and put it on your P & L and don't waste your time. In case the Skip tries to make payments, put the Skip down for the 10th or 25th of the month. You have your payment contracted on the 10th, if you have another one on the 25th, it is so much nearer to it.

Suppose he skips again and is living in a boarding house. Get the employer where he worked. Don't go to the boarding house. The chances are that he has gypped the boarding mistress. The fellows down where he worked or someone down there knows where he is. You understand that in New York City work is hard to get and work is hard to find, but even when everything is good, they will ask you for references and where did you work before, and they have that down in the records in every organization that I know of. Where did you work before. The whole thing is, where did you work before? That is how to get them. I think if you will do that you won't have any trouble.

Then there is the borrower who skips to Florida and the borrower who skips to California. You stop up to the house and they tell you they have gone to Florida. What is their address in Florida? How many times you have an A. M. come in and say, "They have moved to Florida or California." It is a bluff. They are right there. They owe too many bills. If, and it is seldom they did go to Florida, or they did go to California, where did they get the money to go that far? It is a cinch that a man can't hop a freight with a family. They leave a track like an elephant in the mud. They sold the furniture. They must have had an awful pile of furniture. With that sort of Skip we must get down to the point of where they got that money from. When you get that source, the facts are it is borrowed from someone else. They got it from a relative or sold the furniture and in the latter instance there is the biggest chance. Talk with some of your own boys. Would you ever go to a furniture dealer and say the stuff belongs to you and he says it belongs to him? That don't make any difference you say, you are going to pay the bill. If you will work that source and if that source came from selling of the furniture right here in the State of New Jersey, whether chattle is recorded or not, you can get it on them and make Mr. Secondhand Dealer turn over the furniture. If they got it from relatives, go up to Mr. Relative and use your head again there. The chances are you might get the relative to pay.

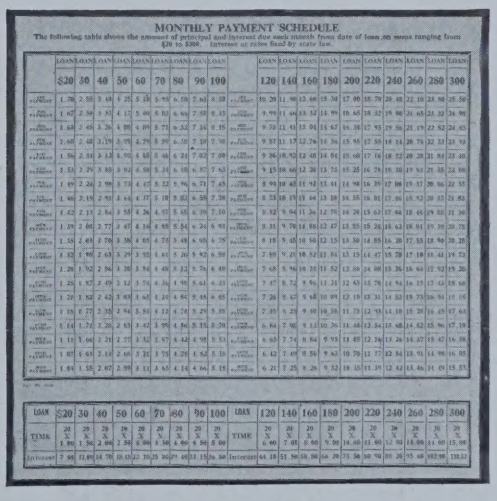
I want you to know that we in the Fisher Company in New York are always glad to help you, aid you and assist you in every way and we ask that you do not hesitate to call upon us.

Mr. Franklin W. Ryan, Vice-President of the National Cash Credit Corporation, Jersey City, was introduced as the next speaker by the Chairman, his subject being *"The Future of the Small Loan Business."* His address appears elsewhere in this issue.

Mr. Seabourne, President of the Conservative Credit System, was the next speaker introduced by the Chairman, his subject being, "The Future of Exchanges."

"I notice on the program here that I am listed to talk on 'Future of Exchanges' and when the Chairman of the Committee on Arrangements communicated with me he asked me to talk on the subject of 'State Exchanges.' I know certain facts about local exchanges and the business is interesting. The subject is interesting of how business is coming along, and the economic necessity of the small loan business. It is particularly gratifying to me to notice how this business develops. I don't mean so far as the public comes in, but in the way a certain conscience is being developed on the part of the lenders. They are coming to recognize the function they are performing in society. It is a business that will henceforth be regarded as a part of our social and economical life. I know there have been approximately 125 new licenses granted by the State Department of Banking last year. Many of these people entering the small loan business know nothing about it. They start operating, having no cognizance of the ethics of the business, and the ills that follow as a result of that we are all familiar with. More people are gradually becoming aware of the small loan business. But there is always an element in the population that is the type Mr. Fisher spoke about.

Unless we protect ourselves there will be more and more of those difficulties. It occurs to me that a state exchange would be a distinct advantage for getting valuable information. First, it would establish certain standards. It is true our local exchanges have standards, but a great voice would be heard in the management of the exchange if it were a state controlled affair. Again the state exchange would prevent considerable doubling up. That at first sight might seem extraordinary to the lender. We see a local exchange handling all people within a restricted community. All the men operating in North Jersey will ap-


MONTHLY PAYMENT SCHEDULE

The following table shows the amount of principal and interest due each month from date of loan on sums ranging from $20 to $300. Interest at rates fixed by state law.

LOAN	$20	30	40	50	60	70	80	90	100	LOAN	120	140	160	180	200	220	240	260	280	300
TIME	20 X 1.00	20 X 1.50	20 X 2.00	20 X 2.50	20 X 3.00	20 X 3.50	20 X 4.00	20 X 4.50	20 X 5.00	TIME	20 X 6.00	20 X 7.00	20 X 8.00	20 X 9.00	20 X 10.00	20 X 11.00	20 X 12.00	20 X 13.00	20 X 14.00	20 X 15.00
Interest	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	Interest	12.00	14.00	16.00	18.00	20.00	22.00	24.00	26.00	28.00	30.00

Twenty Payment Plan Schedule, Form T. P.

Form T P is the straight Twenty Payment Plan—very popular.

Form M shows many kinds of loans and for various months.

Monthly Payment Schedules

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A Payment Schedule acts as a selling plan and is of much value while the application for the loan is being made. We have two kinds.

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COMPLETE OUTFITTERS FOR INDUSTRIAL LOAN OFFICES
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preciate this. It is impossible to go from one community to another where some exchange doesn't cover, and this would prevent doubling up. Where a man in New Brunswick moves, he doesn't move to Philadelphia or New York, but to Bloomfield, Perth Amboy or Jersey City. He is educated to what our small loan business can do for him, as has been proven, because he is a skip from one man and finds himself in need of money and without any thought of other people, he will apply for a loan again. If that man had lived in Elizabeth and moved to Jersey City, the Hudson County lenders would immediately proceed to make a loan, being unaware of the fact that he had a loan in Elizabeth. Those are practical benefits that present themselves. There is a larger issue at stake where the upbuilding of the small loan business is concerned. The law states that no loan, or rather no borrower can be obligated to a lender for more than $300. There was a reason why the legislature saw fit to fix it at that and the reason is an economic one. We know small loans law is the result of a long period of analytical and statistical study. Three hundred dollars was the maximum amount which it was deemed the average man could repay. But if Mr. Borrower can borrow $200 from my company and $100 from still another company and three or four hundred dollars from another company, what is happening? Without any organization, none of us is responsible for that fact.

The spirit of the law is violated. A state exchange with the prestige it would carry, with pressure brought to bear on those lenders in the business who are not members of the exchange concerned, I can leave it to your own imagination and judgment. A State Exchange would be worth the price that it might cost us in time and in money. A State Exchange would be an advantage to the small loan business. How is it possible to operate such an exchange? Let us analyze. What is required of an exchange? It must have fitting equipment and it must have a personnel that is trained to do the work properly. The exchange would be so constructed that the cost of operation will be reasonable, and then we know that the time required for clearances must be the absolute minimum, not more than twelve hours. To receive reports must be one of the duties following the time that the report is sent to the exchange, usually at the close of business. Those are the things required so far as equipment and so far as costs are concerned. There must be a further development in this matter of exchanges. The first idea that might occur is having a central exchange. Now where the state is concerned, what is the central city, New Brunswick or Trenton? We could have the state exchange there. What is the result? It would mean that every member of the Association would need to mail in the evening, their report directly to this central exchange and this exchange in turn, having all of the cards there, it being assumed that all the cards would be there, the cards would have to be gone over and with the result that the cost would be almost prohibitive. Again there is another system that occurs, and that is to have the central exchange, but still to continue in operation the local units. Essex County, Trenton and Camden Exchanges still would continue to function, but they would be supervised by the state exchange. That is practically impossible however, because it would mean that the local members would need to mail in all of their reports, the next morning the reports would be cleared and the local exchange would call in by special wire and clear them. That is cumbersome and would not work.

We seem to be stumped for the moment. There is a solution to the problem. Let us consider for a moment New Jersey geographically speaking, in relation to the number of lenders and where those lenders are located. At least two-thirds of the business conducted in the state is conducted in the five northern counties—Hudson, Essex, Passaic, Bergen and Union. I am not certain about the prospects of the business but we know that here is a densely populated district. These five counties of northern New Jersey—New Brunswick is centrally located, Camden Trenton and Atlantic City. Suppose we had a state exchange and we located that exchange in one of the five counties, centering around Essex or Newark. There would be a state exchange, but that exchange would continue to function as Essex County Exchange or Hudson County Exchange functions at the present time. This would give one exchange for those five counties and all of the lenders in those five counties could mail letters into Newark. Any letter that is mailed in these five counties that I speak of, that is mailed when the office closes, is in Newark the next morning. All those member offices in the five counties would receive their reports next morning as they are doing now, from this central exchange. Where does that leave Trenton, Camden and Atlantic City? They would continue to have their local exchanges, those member offices of those exchanges when they are sending out the report, could make out a duplicate list, the original list or one list could be sent to the local exchange. It would still continue to function and a duplicate list could be mailed to the state exchange, in Newark, and it would arrive next morning. The central exchange in Newark would have to clear that business, arriving from these three cities, Atlantic City, Camden and Trenton, could clear those in the exchange and the first thing in the morning, say by 9:30 they could transfer to those three exchanges in the southern part of the state and give them clearances, and they in turn could clear locally as well, and the expense would be very small—the ony expense connected would be the telephone call to those three or four offices.

This would be very simple and would not put the local exchanges out of business at all. It can be done. I can't see why it would not be feasible or workable. What would the results be? The results would be that we would prevent a lot of doubling up. We would locate a great number of skips, but where the largest benefits would accrue would be in the prestige that the small loan business would come to enjoy, particularly on the part of the public and incidentally it would serve notice upon the powers that be that we were doing everything within our power to police our business.

So far as getting into the membership people who are not members, I am sure a lot of them would step into line, because they would have to step into line. Somebody has to do this. It is all right to talk about these things. It is at least the germ. Considerable progress has been made towards a consolidated exchange in these five counties. Most of the members of the Passaic County and Bergen County are now combined with the whole of the Hudson County Exchange, which is now called the North Jersey Exchange. Plans are under way to see what can be done toward the merging of the Essex County Exchange and the men who are concerned in that are hopeful that by that time the lenders of Union County will also see the light. Once that is accomplished I am quite confident that the matter of State Exchanges with state clearances would be a very simple matter.

At 6:45 in the evening the Lenders attended a banquet provided for them at the Elks Home, at which there were approximately 450 people present. A very delightful program had been arranged by the Entertainment Committee, the Smith Brothers of Radio fame, Trade & Mark, entertaining with selections on the piano and they told several very witty jokes. A number of songs were sung by the Lenders under the leadership of Mr. Thornton Webster, a very capable entertainer. After the banquet was over Mr. Van Horn, the Chairman, introduced Mr. William Young as toastmaster for the evening, in place of Dr. Charles G. Mueller, who was unable to preside on account of a very bad cold. Mr. Young introduced Mr. J. F. Hammond, State Commissioner of Banking at Trenton, N. J., who delivered a very interesting speech. The next speaker was Mr. F. D. Van Amburgh, Editor of *The Silent Partner*, whose subject was "How to Fail." Mr. Van Amburgh recounted incidents in his own life and amused the audience with humorous jokes and witty sayings. He also made his audience think by having a little test as to what the biggest word in the Lenders' business was, which proved to be "Kindliness." Music for dancing was furnished during the banquet and after the speeches were over, by Billy Wilsen's Westchester Biltmore Orchestra.

VERNON L. BUCHMAN,
Secretary.

WEST VIRGINIA

The regular semi-annual meeting of the West Virginia Industrial Lender's Association was held in Charleston, Thursday, February 23d, at the Hotel Ruffner.

The meeting was called to order at 10:00 a. m. by Chairman A. H. Knox. There were 22 present.

The secretary read the minutes of the last meeting and also reported a membership of 30, this being an increase of three over the last report.

The treasurer reported $582.17 cash on hand with all bills paid.

The Membership Committee reported three new members with two more pending.

It was decided that the association adopt a publicity plan at this time and upon motion of C. G. Liggett seconded by F. H. Withrow a motion was carried to appoint a Publicity Committee, giving the chairman of said committee power to appoint one member in each city. All articles of publicity to be first submitted to the chairman. The chairman appointed W. B. Grimes as chairman of the Publicity Committee.

Upon motion of F. H. Withrow, a

vote of appreciation was extended to C. G. Liggett for the satisfactory interview he had with the Colonial Finance Company.

Upon motion by C. G. Liggett, seconded by H. L. White, the Association voted to hold four meetings per year, and that the meeting dates be fixed as the second Friday of February, May, August and November. It was also decided that due to the extra expense, only one banquet would be held per year, and that it would be held in Charleston.

The afternoon session was called to order at 1:30 and was given over to open discussion and the reading of well prepared and interesting papers prepared by L. G. Lemaster and Lloyd Rice, the text of which will be shown in another column.

A short address by Mr. Cobb, of the City Finance Company, of Huntington, dealt with the subject of making loans on other security than household goods, stating that from experience, that he had decided that most of his unsatisfactory accounts were indorsement loans, diamond loans and real estate loans, and that he would like to see every member discontinue making loans on this sort of security.

F. H. Withrow moved that the Association extend a vote of thanks and appreciation to Ex-chairman Sam Wormser, for his past successful and constructive administration of the Association's affairs. The motion was seconded and unanimously adopted.

Upon motion of Mr. Arthur, seconded by Mr. Cobb, the members voted on Huntingdon as the next place of meeting. There being no other business, the meeting adjourned.

At 7:30 a banquet was held in the large dining room and a very sumptuous dinner was served to sixty people. C. G. Liggett delivered the main address of the evening and H. L. White, of Wheeling, acted as toastmaster. At nine o'clock the tables were cleared away and the members and guests danced until midnight.

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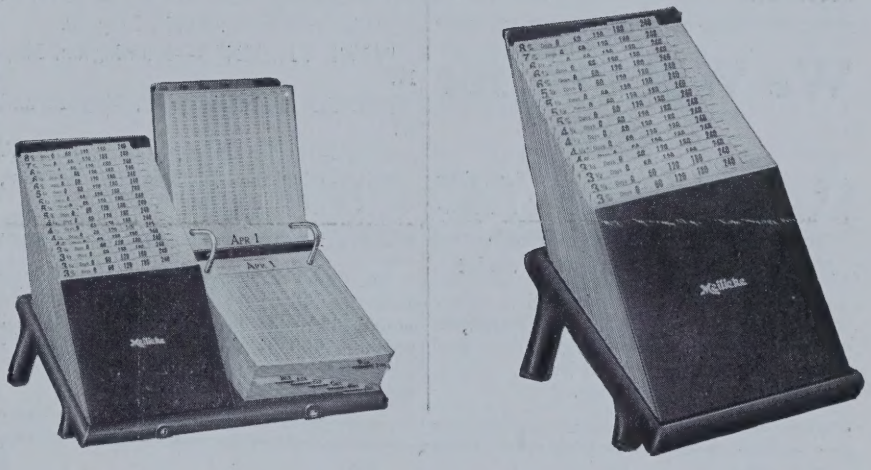

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MEETING SCHEDULE

MARYLAND—Baltimore, April 10.

MASSACHUSETTS—Boston, April 18.

MICHIGAN—Lansing, April 19.

VIRGINIA—Alexandria, April 20.

NEW YORK—New York, April 24, meeting of the National Executive Committee with the Russell Sage Foundation to which all A. I. L. A. members are invited.

ILLINOIS—Chicago, April 26.

GEORGIA—Atlanta, April 27.

PENNSYLVANIA—Altoona, May 9.

MISSOURI—St. Louis, May 10.

WEST VIRGINIA—Huntington, May 11.

INDIANA—Indianapolis, May 16 and 17.

OHIO—Cedar Point, July 25, 26, 27.

MICHIGAN — National Convention, Grand Rapids, September, 19, 20, 21.

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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. XII, No. 11. MAY, 1928. Price, $1.00 a year.

The Personal Loan Companies

How They Operate in Twenty-Three States to Provide the Loans Under $300 Unwelcome at the Banks and Morris Plan

By Franklin W. Ryan, *Vice-President, National Cash Credit Corporation*

The purpose of this article is to explain to bankers why the remarkable growth in the personal loan business has come about and to show that it has been a benefit not only to the borrowing worker but also to the banking business. The most significant thing about this new development is that there is still a greater demand to borrow money on the part of workers than can be supplied by all the agencies making personal loans.

I do not want to give the impression that I favor the discontinuance of personal loan departments by banks. Such activities are very commendable. Personal loan departments, even if they do not show profits, undoubtedly build good will for the bank. There is so much poverty and want in modern industrial society that it would be a most excellent thing if more banks would organize such departments.

There are now twenty-three states with small loan laws, all but five of which set maximums of 3½ per cent a month on personal loans under $300.

The growth of this business has been particularly rapid in the last four or five years. In 1925 four states, Florida, Michigan, Tennessee and West Virginia, enacted the Uniform Small Loan Law and in 1927 the law was passed in Missouri and Wisconsin. Needless to say, as soon as the law goes into effect in a state, there is an immediate heavy reduction in loans by loan sharks at the typical outlaw rates which ordinarily run from 10 to 20 per cent a month.

The 2,300 loan offices now in operation in the twenty-three states having small loan laws, fall into two groups. About three-fourths of the offices are independent units while the other one-fourth belong to chains with headquarters in the larger cities. There are about nine or ten chains each of which have more than thirty offices scattered over various states. Some of these chains are the Household Finance Corporation, the Beneficial Loan Society, the Community Finance Service, Industrial Loan Company, New England Equity Corporation, Guarantee Loan Company, Personal Finance Company, American Loan Company, National Cash Credit Corporation, Popular Finance Corporation, Capital Loan Company, Commonwealth Loan Company, Provident Loan Company and the Metro Loan Company.

Mr. Ryan was for three years instructor in banking at the Harvard Business School and was also instructor in banking in the Boston Chapter of the American Institute of Banking. He is author of "Usury and Usury Laws."—The Editor.

The leaders of the business have organized the American Industrial Lenders Association to which most of the chain groups and a large percentage of the independent offices belong. The association might well be called a National Personal Credit Association. It has a high code of ethics modeled like that of the Robert Morris Associates.

In order to understand the phenomenal growth of this new type of personal lending, it is necessary to study the changes that have taken place in American industrial life.

One hundred years ago, during the early years of American history, 85 per cent of the population of the United States were engaged in farming or related pursuits. But the great inventions like the railroads, the cotton gin and modern textile machinery which came in the 70s, 80s and 90s, brought widening markets and changed this situation. In 1890, 35 per cent of our population lived in cities. In 1900 urban population increased to 40 per cent. In 1910 it was 46 per cent and in 1920 it was 51 per cent. Today it is nearly 60 per cent.

With the rapid growth of American industries and railroads, we had a similar growth in commercial and investment banking to take care of their needs, but the credit needs of workers and salaried people received little attention.

What the rapid growth in our industrial population, an outlaw group of money lenders has been developing in the United States in the last thirty years to meet the enormous borrowing needs of American workers. They usually lend at from 15 to 20 per cent a month on personal security, but some of them also engage in "salary buying" in which they charge even higher rates. They cannot afford to make loans for as low as 6, 8 or 10 per cent a year and since they have to break the usuary laws of the states where they operate, they charge all the traffic will bear to pay themselves for running the risk of being punished.

This new type of lender was denounced. He was called "loan shark." He was hounded down and put in prison in many cases. Yet both he and his borrowers were victims of ignorance. Lawmakers at that time had not yet solved the problem of finding the right kind of a law to protect the borrower.

About this time the Russell Sage Foundation began to study this matter of lending money to needy borrowers with a view to putting it on the right basis. They recognized in making their studies, that while the money lender is entitled to a fair return on his loaned money, something must be done to protect the borrower from exploitation and greed.

The Russell Sage Foundation found that the fair rate for such loans should be a great deal higher than the 6, 8 and 10 per cent annual rate allowed by the usuary laws, and on the other hand, a great deal less than the 10 to 20 per cent a month the loan sharks were getting. There are wide variations in costs depending on the size of the loans, but the Foundation determined that the fair rate for loan charges should be between 3 and 4 per cent per month.

Upon the basis of their findings, the Borrowers' Uniform Small Loan Law was formulated by the Russell Sage Foundation and recommended to the lawmakers of the different states. The law usually fixes this monthly maximum of 3½ per cent computed on unpaid balance of principal, although a few states have a 3 per cent rate.

In the field of personal loans on chattel mortgage security where the fair loan charge is estimated to be 3½ per cent a month computed on unpaid balances, the item of pure interest itself is a relatively small part of the total. The 3½ per cent rate is mostly made up of operation expenses, costs for assuming risks, for investigations, advertising, for bookkeeping, collection costs, losses, etc. Here the part that represents pure interest is very small and not over ½ of 1 per cent per month. Pure interest is the return on riskless loans. We can see an example of it in the low rates of interest on United States Government loans ranging around 3 per

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cent to 4 per cent a year or ¼ to ⅓ of 1 per cent a month. In other words, nearly all of the 3½ per cent charge is made up of compensation for costs and risks of doing business.

A licensed lender under the Borrowers' Small Loan Act may make small loans up to and including $300 on the security of the borrowers' house furniture left in his possession. The loan is ordinarily made with the signatures of the husband and wife without further endorsers. In most states having the law, there are no fines or fees and the borrower always receives the full amount of the loan for which he applies. Interest is never collected in advance.

The man who lends $100 on a chattel mortgage to his fellow man who desperately needs it for a month, charging him $0.50 therefor and making a profit of less than a dollar on the transaction, is not a "userer" in any true sense of the word. His net profit is only a fair remuneration and he is rendering a needed service which commercial and savings banks are not usually in a position to give.

The Uniform Small Loan Law represents an effort to put the business of making small loans upon a definite, legal, commercial basis. The law is simple in form and in theory. It authorizes any person to obtain a license from the state, under which he may make loans of $500 or less and charge therefore an interest rate of not to exceed 3½ per cent per month computed on unpaid balances. It regulates strictly the conduct of the business of the lender. It prohibits and provides suitable punishment for loans by unlicensed lenders or violations by licensed lenders.

The small loan office can accept no deposits and thus has only its own capital with which to work. Its loans are limited to $300 and less. In practice they run much smaller than this maximum, usually averaging about $100 and usually running about twenty months. The cost of investigating the case of the borrower and handling the paper is proportionately high. Security is usually in the nature of a chattel mortgage on household effects, personal endorsement or by assignment of future wages. Collection costs are high. It reaches a class of wage earners without banking or other established credit connections. The borrower may move away without leaving a trace. Misfortune may overtake him. If legal means must be resorted to, which is rarely the case, the expense may be greater than the amount of the loan.

This is the age of the specialist. The financial field also has its specialists. We have investment bankers underwriting large issues of bonds and stocks. We have specialists in different types of securities. We have savings banks with their limited field and commercial banks to look after the financing of commerce and industry.

Again when we look over the field of personal loans we can see how all these different types of modern loan specialists have come into existence. Personal loans of money are made in several different forms as follows:

Group A. Personal Loans that a banker can take care of.

1. Loans secured by stocks and bonds.
2. Loans secured by real estate.
3. Guarantor loans.

Group B. Personal Loans that a banker cannot take care of (except in special cases).

4. Loans secured by personal property left in the possession of the lender.
5. Loans secured by chattel mortgages on personal property left in the possession of the borrower.
6. Loans secured by assignments of wages.
7. Unsecured personal loans.

The kinds of loans at the top of the list are generally more desirable than those at the bottom. A banker can take care of the three types of loans in group A, but he prefers above all of them to have loans secured by readily marketable stocks and bonds. Real estate loans are a little less desirable but a $300 loan for three months with real estate security at 6 per cent a year, would not be very profitable.

The fifth type of loan, the personal loan secured by chattel mortgage on personal property left in the possession of the industrial borrower, is a world in itself. The city banker cannot handle it. The Morris Plan would not bother with it. The credit union is not interested in it. Even the pawnbroker, the oldest type of lender in the world, will not make a chattel loan.

The licensed industrial lender has now become the leading specialist in a large part of the chattel loan field.

When each of the different types of personal loans are adequately taken care of by specialists, it is better for all forms of money lending. If the borrowing worker can go to his credit union or to the Morris Plan bank or to the licensed small loan office and meet his credit needs by loans made on a fair basis, it is well for all concerned. In such a situation, the banking business is helped and benefited in various ways.

It is generally agreed among bankers in industrial cities and towns that large credit advances made to successful merchants and manufacturers for 30, 60 or 90 day periods, to finance their business operations, constitute the most desirable form of loan. This type of loan is self-liquidating. It automatically pays itself off out of the natural profits obtained by the business borrower from his operations. This is the typical commercial loan. City bankers actively compete to get this business. It is the safest type of loan in the whole field of business credit even though it commands the lowest rate of interest. Millions of profits have been made on it by bankers. The turnover of banking capital in this field aggregates millions of dollars daily in our leading cities.

But the most undesirable kind of loan for the city commercial banker is the personal loan if made at commercial rates of interest. Because of the usury laws and partly because of custom, a banker must not charge a higher rate of interest on these loans than he does on the large loans made to commercial and industrial firms, while the credit unions and Morris Plan banks that specialize in personal loans secured by guarantors, are allowed by law to charge enough to cover all costs and show a fair profit.

The 2,300 licensed small loan offices now in operation under the small loan laws, are practically all located in industrial cities and towns of 10,000 population or more. Some of the loan office chains will not open an office in a city of less than 25,000 people.

There is virtually no competition between the small loan companies and the banks. The lenders have increased rapidly in numbers and so have the Morris Plan system and the credit unions because as a general rule, city bankers prefer to stick to business loans. Bankers have frequently said that the personal loan organizations have relieved them of a great deal of pressure to make small loans.

Bankers in industrial communities are frequently enabled to avoid trouble with endorsers by shifting personal loans to the small loan companies. When an application for a small loan is made to a banker by an individual who does not have the kind of security to offer that is acceptable to the bank, it is not unusual for the bank to ask that the note be endorsed by a responsible party to insure the payment of the loan at maturity. In most cases the responsible party is a depositor of the bank. If the loan is not paid at maturity and collection cannot be made from the borrower, the amount is charged to the account of the endorser. The endorser did not anticipate this outcome or he would not have guaranteed the payment. Consequently when the amount is charged to his account he does not like it. He usually blames the bank and perhaps makes other banking connections. If so, the bank has lost a good account, has made no profit on the transaction, the endorser has been "stuck" and no one has benefited.

In addition to the benefits just discussed, there have been a few others. One of these arises out of the banking relation itself. Every new loan office established in a community must have a banker. A loan office cannot receive deposits and must keep its funds in a bank. Whenever a borrower gets a loan, a check for the amount must be drawn by the lender on some bank in the community. By the very nature of the business, these accounts must be substantial.

Then again, the new loan office provides a field for the granting of credit which is much safer than hundreds of other fields. It is well known that the loan offices are usually successful, although every year there are many of them that seem to be unable to get a start.

On the average, over 85 per cent of the loan offices have shown fair profits and some of the best managed ones have done very well indeed.—Reprinted from *Burroughs Clearing House,* April 1928.

Beneficial Operating Bureau, Inc., Holds Quarterly Supervision and Audit Conference at Hotel Pennsylvania, New York City

Visitors Guests at Headquarters House Warming Party

Beneficial Operating Bureau, Inc., held its Ninth Quarterly Supervision and Audit Conference at the Hotel Pennsylvania, New York City, March 15, 16 and 17. Charles H. Watts, President of the Operating Bureau presided over the meeting. A detailed program of business was followed, interspersed by interesting luncheon and after-dinner talks.

At the luncheon on Thursday, March 15th, held in the Pennsylvania Roof Garden, the Conference was addressed by Mr. Ordway Tead, Editor of Business Books for Harper and Bros., and lecturer on personnel management at Columbia University, on the subject of "How Can Executives Become Leaders?" Mr. Tead emphasized the theme of his talk when he said, "The idea of leadership with which we are all familiar had a great deal to say about exercising authority, commanding and giving orders. Executive work today is, of course, still concerned with these matters, but in every organization the more important problem of those who direct the work of others, is to stimulate their interest, secure their loyalty and arouse their initiative. Leadership today is a matter of influencing peoples' motives and purposes and of getting the motives and purposes of all the members of an organization into an effective working harmony." An able and convincing speaker, Mr. Tead's remarks were greatly appreciated by all present.

Thursday evening, at a dinner served in the small ballroom, the speakers were President Watts and first Vice-president Caspersen of the Operating Bureau, respectively. Second vice-president, Clarence Hodson 2d, served as toastmaster. Mr. Watts, in his speech on "Becoming An Executive" emphasized the importance of initiative and self-confidence. He said, "All men who continue to believe they need supervision are not executives. Those men who require no supervision are the executive type. The more supervision a man requires, the less able he is as an executive. You can measure yourself by where you stand. If you do not require supervision, then you are coming into the executive class." Mr. Caspersen gave a thorough explanation of the organization and the plans of the new affiliated corporation, "Industrial Bankers of America, Inc."

The business of the Conference was conducted as usual during the Friday morning session, March 16th. At the luncheon, the Conference was addressed by Dr. H. A. Overstreet, Professor of Psychology and Philosophy at the College of the city of New York, on "Psychology and the New Executive." Introduced as a philosopher, Dr. Overstreet fulfilled all expectations by showing how the application of philosophy and psychology in a practical manner will benefit business men. Service and the great importance of the human element in business were the keynote of his enlightened speech. "It is all right to know how to put a machine in order when it is out of order, but the very essence of modern business is more than machinery. It is men." Dr. Overstreet especially emphasized the necessity of allowing "sub-executives" to express their views if complete emotional as well as physical coöperation is to be obtained.

An informal dinner was held in the Grill Room of the Pennsylvania Hotel at 6:00 P. M. Later in the evening, the members of the Conference were guests at the Operating Bureau House Warming party held at the headquarters offices, Court Square Building, 2 Lafayette Street. A thorough inspection was made by all of the new headquarters of the Operating Bureau. An elaborate program was arranged with Mr. D. H. Finck, Educational Director, acting as Master of Ceremonies. Mr. Watts, in his speech of welcome, cordially invited all to have

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an enjoyable evening and concluded by presenting two large and beautiful American flags to the Operating Bureau. Several musical selections by members of the headquarters staff followed, after which dancing began and continued to midnight. The dance music was rendered by a five-piece orchestra. Refreshments were served throughout the evening. The party was such an enjoyable event that more than one present expressed the wish that the Bureau might soon expand to the point where it would again be necessary to move to larger quarters.

Saturday afternoon, March 17th, was devoted to the closing of the business of the Conference, adjournment being made at 1:00 P. M.

Those attending the three-day session of the Conference were: Charles H. Watts, Chairman and President, O. W. Caspersen, first Vice-President, Clarence Hodson 2d, Second Vice-President, R. E. Tucker, Comptroller, R. D. Shepard, General Auditor, E. L. Kincaid, Treasurer, L. J. Ingram, Assistant to the President, Dr. M. R. Neifeld, Statistician, Philip Kapinas, Assistant to the first Vice-President, H. E. Denegar, Advertising Manager, Frederick Fischer, Collection Manager, George Hodson, Director of Dollar Monthly Plan, T. L. Edholm, Purchasing Agent, C. B. Baldwin and Glenn H. Knapp, Directors of Supervision, Albert G. Morhart, Audit Examiner, J. E. Holleman, Headquarters Auditor, H. F. Murphy, General Accountant, William C. Talley, Jr., Loan Office Bookkeeper, P. A. Siebold, Control Chief, E. G. Griffith, Corporation Service, Ernest Davids, Advertising Production, Miss M. Winkler, Record Clerk, E. R. Beckwith, Esq., General Attorney, J. R. Collins, Esq., Tax Section, David H. Finck, Educational Director, M. J. Stevens, Senior Instructor.

The Field was represented by Northern Supervisor A. G. Zimmerman, and Northern Assistant Supervisors H. A. Morgan, F. A. Reed and T. M. Fitzgibbons; Eastern Supervisor E. C. Millard, Assistant Eastern Supervisors, G. W. Curry, H. C. Moore and R. W. Kreps; Southern Supervisor E. F. Moore, Southern Assistant Supervisors J. C. Lewis and P. C. Hess; Central Supervisor C. G. Liggett, Central Assistant Supervisor M. F. Snyder; Western Supervisor E. R. Klein, and Western Assistant Supervisors, A. K. Dolliver, A. D. Bennett and F. C. Hallowell; Supervisor of Auditors Fred L. Wright, and Assistant Auditors, A. A. Naltner, Henry Disser, C. H. Wilcoxen, J. V. Cromwell, F. K. Tidd, A. J. Eardensohn, H. C. Riley, W. H. Coss, E. R. Kichline, P. W. Staples, C. F. Berquist and L. W. Kelber.

British Law

In our March issue we published a clipping from a New York paper with a London date January 17th, headed "British Loan Sharks Now Face Restrictions Under Latest Law" to which the Secretary of The Money Lenders' Association, of England, A. H. Partridge, took exception in the following language:

"DEAR SIR,

"I do not usually pay much attention to what appears in public newspapers but you are good enough to send me every month the INDUSTRIAL LENDERS NEWS and I think I ought to point out that the message from London dealing with the new law is grotesque in its inaccuracy.

"It is not true that British Moneylenders 'usually' trade under names other than their own. The statement of the law as to advertisements and circulars is badly jumbled and the statement that interest is limited to 48 per cent per annum is quite untrue.

"If the members of your Association are to be furnished with information as to the British Moneylending Law it is of course very desirable the information should be reliable."

Believing our members and subscribers if not our lawyers are sufficiently interested in the matter to know the facts we are reprinting in full the English Moneylenders Act, 1927.

CHAPTER 21.

An Act to amend the Law with respect to persons carrying on business as Moneylenders. (29th July 1927.)

Be it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same as follows:—

1.—(1) Every moneylender, whether carrying on business alone or as a partner in a firm, shall take out annually in respect of every address at which he carries on his business as such, an excise license (in this Act referred to as "a moneylender's excise license"), which shall expire on the thirty-first day of July in every year, and, subject as hereinafter provided, there shall be charged on every moneylender's excise license an excise duty of fifteen pounds, or if the license be taken out not more than six months before the expiration thereof, of ten pounds.

Provided that—

(a) the duty charged on any moneylender's excise license which will expire on the thirty-first day of July, nineteen hundred and twenty-eight, shall, notwithstanding that the license may be taken out more than six months before the expiration thereof, be a duty of ten pounds; and

(b) where moneylender's excise licenses are taken out by two or more moneylenders in respect of any address or addresses at which they carry on their business as partners in a firm, the Commissioners of Customs and Excise shall remit, or if the duty has been paid repay, to the firm a sum equal to the aggregate of the duties charged on such number of the licenses taken out as exceeds the number of the addresses in respect of which they are taken out; and

(c) where it is proved to the satisfaction of the Commissioners of Customs and Excise that there is in force a license for carrying on the business of a pawnbroker at any premises in respect of which a moneylender's excise license is taken out by the person carrying on the business, the Commissioners shall remit, or if the duty has been paid repay, to that person such part of the duty charged on the moneylender's excise license as is equal to the amount of the duty paid in respect of the license for carrying on the business of a pawnbroker, or where in any such case moneylender's excise licenses are taken out by partners in a firm in respect of the premises, the remission or repayment shall be made to the firm.

(2) Subject to the provisions of this Act, moneylender's excise licenses shall be in such form as the Commissioners of Customs and Excise may direct, and shall be granted on payment of the appropriate duty by any officer of Customs and Excise authorized by the Commissioners to grant them, and regulations made by the said Commissioners may make provision as to the procedure to be followed in making application for moneylender's excise licenses:

Provided that a moneylender's excise license shall be taken out by a moneylender in his true name, and shall be void if it be taken out in any other name, but every moneylender's excise license shall also show the moneylender's authorized name and authorized address.

(3) If any person—

(a) takes out a moneylender's excise license in any name other than his true name; or

(b) carries on business as a moneylender without having in force a proper moneylender's excise license authorizing him so to do, or, being licensed as a moneylender, carries on business as such in any name other than his authorized name, or at any other place than his authorized address or addresses; or

(c) enters into any agreement in the course of his business as a moneylender with respect to the advance or repayment of money, or takes any security for money, in the course of his business as a moneylender, otherwise than in his authorized name;

he shall be guilty of a contravention of the provisions of this Act and shall for each offense be liable to an excise penalty of one hundred pounds:

Provided that, on a second or subsequent conviction of any person (other than a company) for an offence under this subsection, the court may, in lieu of or in addition to ordering the offender to pay the penalty aforesaid, order him to be imprisoned for a term not exceeding three months, and an offender being a company shall on a second or subsequent conviction be liable to an excise penalty of five hundred pounds.

2.—(1) A moneylender's excise license shall not be granted except to a person who holds a certificate granted in accordance with the provisions of this section authorizing the grant of the license to that person, and a separate certificate shall be required in respect of every separate license. Any moneylender's excise license granted in contravention of this section shall be void.

(2) Certificates under this section (in this Act referred to as "certificates") shall be granted by the petty sessional court having jurisdiction in the petty sessional division in which the moneylender's business is to be carried on, so, however, that within any part of the metropolitan police district for which a police court

is established, a certificate shall not be granted except by a police magistrate.

(3) Every certificate granted to a moneylender shall show his true name and the name under which, and the address at which, he is authorized by the certificate to carry on business as such, and a certificate shall not authorize a moneylender to carry on business at more than one address, or under more than one name, or under any name which includes the word "bank," or otherwise implies that he carries on banking business, and no certificate shall authorize a moneylender to carry on business under any name except—

(a) his true name; or

(b) the name of a firm in which he is a partner, not being a firm required by the Registration of Business Names Act, 1916, to be registered; or

(c) a business name, whether of an individual or of a firm in which he is a partner, under which he or the firm has, at the passing of this Act, been registered for not less than three years both as a moneylender under the Moneylenders Act, 1900, and under the Registration of Business Names Act, 1916.

(4) A certificate shall come into force on the date specified therein, and shall expire on the next following thirty-first day of July.

(5) A Secretary of State shall make rules with respect to the procedure to be followed in making applications for certificates (including the notices to be given of intention to make such an application), and certificates shall be in such form as may be prescribed by rules so made.

(6) A certificate shall not be refused except on some one or more of the following grounds—

(a) that satisfactory evidence has not been produced of the good character of the applicant, and in the case of a company of the persons responsible for the management thereof;

(b) that satisfactory evidence has been produced that the applicant, or any person responsible or proposed to be responsible for the management of his business as a moneylender, is not a fit and proper person to hold a certificate;

(c) that the applicant, or any person responsible or proposed to be responsible for the management of his business as a moneylender, is by order of a court disqualified for holding a certificate;

(d) that the applicant has not complied with the provisions of any rules made under this section with respect to applications for certificates.

(7) Any person aggrieved by the refusal of a petty sessional court to grant a certificate may appeal to a court of quarter sessions in manner provided by the Summary Jurisdiction Acts as if the refusal were an order of a court of summary jurisdiction.

3.—(1) Where any person, being the holder of a certificate, is convicted of any offence under this Act or under section two or four of the Betting and Loans (Infants) Act, 1892, or the Moneylender's Act, 1900, the court—

(a) may order that any certificates held by that person, and in the case of a partner in a firm by any other partner in the firm, shall either be suspended for such time as the court thinks fit, or shall be forfited, and may also, if the court thinks fit, declare any such person, or any person responsible for the management of the moneylending business carried on by the person convicted, to be disqualified for obtaining a certificate for such time as the court thinks fit; and

(b) shall cause particulars of the conviction and of any order made by the court under this sub-section to be endorsed on every certificate held by the person convicted or by any other person affected by the order, and shall cause copies of those particulars to be sent to the authority by whom any certificate so endorsed was granted, and to the Commissioners of Customs and Excise:

Provided that, where by order of a court a certificate held by any person is suspended or forfeited, or any person is disqualified for obtaining a certificate, he may, whether or not he is the person convicted, appeal against the order in the same manner as any person convicted may appeal against his conviction, and the court may, if it thinks fit, pending the appeal, defer the operation of the order.

(2) Any certificate required by a court for endorsement in accordance with the foregoing provisions of this section shall be produced, in such manner and within such time as may be directed by the court, by the person by whom it is held, and any person who, without reasonable cause, makes default in producing any certificate so required shall, in respect of each offence, be liable on summary conviction to a penalty not exceeding five pounds for each day during which the default continues.

(3) Where a certificate held by any person is ordered to be suspended or to be forfeited under the foregoing provisions of this section, any moneylender's excise licenses granted to that person, whether in pursuance of that or any other certificate, shall be suspended during the period for which the certificate is ordered to be suspended or become void, as the case may be.

4.—(1) Subsection (2) of section two of the Companies (Particulars as to Directors) Act, 1917 (which requires certain particulars to be published in trade catalogues, trade circulars, show cards and business letters) shall apply with the necessary modifications to every company licensed under this Act notwithstanding that the company was registered or had established a place of business within the United Kingdom on or before the twenty-second day of November, nineteen hundred and sixteen.

(2) Without prejudice to the provisions of the last foregoing section and of section eighteen of the Registration of Business Names Act, 1916, a moneylender shall not, for the purposes of his business as such, issue or publish, or cause to be issued or published, any advertisement, circular, business letter, or other similar document which does not show—

"I Recommend—

"The fact that you have employed the Case System throughout the course, and that the lesson material is based on practical experiences of different loan offices, makes the course so much more interesting and valuable to anyone operating his own loan business, or who is employed by or associated with a chain loan organization. * * * I will be pleased to recommend your course to anyone whom I think would be interested."

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(a) in such a manner as to be not less conspicious than any other name, the authorized name of the moneylender; and

(b) except in the case of an advertisement published in a newspaper, any name, other than his authorized name, under which the moneylender, and in the case of a firm any partner therein, was before the commencement of this Act registered as a moneylender under the Moneylenders Act, 1900;

and any moneylender who acts in contravention of this subsection shall be liable on summary conviction to a fine not exceeding twenty pounds in respect of each offence.

(3) If a moneylender, for the purposes of his business as such, issues or publishes, or causes to be issued or published, any advertisement, circular or document of any kind whatsoever containing expressions which might reasonably be held to imply that he carries on banking business, he shall on summary conviction be liable to a fine not exceeding one hundred pounds, and on a second or subsequent conviction, in lieu of or in addition to such a fine as aforesaid, to imprisonment for a term not exceeding three months, or, in the case of a second or subsequent conviction of an offender being a company, to a fine not exceeding five hundred pounds.

5.—(1) No person shall knowingly send or deliver or cause to be sent or delivered to any person except in response to his written request any circular or other document advertising the name, address or telephone number of a moneylender, or containing an invitation—

(a) to borrow money from a moneylender;

(b) to enter into any transaction involving the borrowing of money from a moneylender;

(c) to apply to any place with a view to obtaining information or advice as to borrowing any money from a moneylender.

(2) Subject as hereinafter provided, no person shall publish or cause to be published in any newspaper or other printed paper issued periodically for public circulation, or by means of any poster or placard, an advertisement advertising any such particulars, or containing any such invitation, as aforesaid:

Provided that an advertisement in conformity with the requirements of this Act relating to the use of names on moneylender's documents may be published by or on behalf of a moneylender in any newspaper or in any such paper as aforesaid or by means of a poster or placard exhibited at any authorized address of the moneylender, if it contains no addition to the particulars necessary to comply with the said requirements, except any of the following particulars, that is to say any authorized address at which he carries on business as a moneylender and the telegraphic address and telephone number thereof, any address at which he formerly carried on business, a statement that he lends money with or without security, and of the highest and lowest sums that he is prepared to lend, and a statement of the date on which the business carried on by him was first established.

(3) No moneylender or any person on his behalf shall employ any agent or canvasser for the purpose of inviting any person to borrow money or to enter into any transaction involving the borrowing of money from a moneylender, and no person shall act as such agent or canvasser, or demand or receive directly or indirectly any sum or other valuable consideration by way of commission or otherwise for introducing or undertaking to introduce to a moneylender any person desiring to borrow money.

(4) Where any document issued or published by or on behalf of a moneylender purports to indicate the terms of interest upon which he is willing to make loans or any particular loan, the document shall either express the interest proposed to be charged in terms of a rate per cent. per annum or show the rate per cent. per annum represented by the interest proposed to be charged as calculated in accordance with the provisions of the First Schedule to this Act.

(5) Any person acting in contravention of any of the provisions of this section shall be guilty of a misdemeanour and shall in respect of each offence be liable, on conviction on indictment, to imprisonment for a term not exceeding three months or a fine not exceeding one hundred pounds, or to both such imprisonment and fine, and, on summary conviction to imprisonment for a term not exceeding one month or to a fine not exceeding twenty pounds, or to both such imprisonment and fine.

(6) Where it is shown that a moneylending transaction was brought about by a contravention of any of the provisions of this section, the transaction shall, notwithstanding that the moneylender was duly licensed under this Act, be illegal, unless the moneylender proves that the contravention occurred without his consent or connivance.

6.—(1) No contract for the repayment by a borrower of money lent to him or to any agent on his behalf by a moneylender after the commencement of this Act or for the payment by him of interest on money so lent and no security given by the borrower or by any such agent as aforesaid in respect of any such contract shall be enforceable, unless a note or memorandum in writing of the contract be made and signed personally by the borrower, and unless a copy thereof be delivered or sent to the borrower within seven days of the making of the contract; and no such contract or security shall be enforceable if it is proved that the note or memorandum aforesaid was not signed by the borrower before the money was lent or

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before the security was given as the case may be.

(2) The note or memorandum aforesaid shall contain all the terms of the contract, and in particular shall show the date on which the loan is made, the amount of the principal of the loan, and, either the interest charged on the loan expressed in terms of a rate per cent. per annum, or the rate per cent. per annum represented by the interest charged as calculated in accordance with the provisions of the First Schedule to this Act.

7. Subject as hereinafter provided, any contract made after the commencement of this Act for the loan of money by a moneylender shall be illegal in so far as it provides directly or indirectly for the payment of compound interest or for the rate or amount of interest being increased by reason of any default in the payment of sums due under the contract:

Provided that provision may be made by any such contract that if default is made in the payment upon the due date of any sum payable to the moneylender under the contract, whether in respect of principal or interest, the moneylender shall be entitled to charge simple interest on that sum from the date of the default until the sum is paid, at a rate not exceeding the rate payable in respect of the principal apart from any default, and any interest so charged shall not be reckoned for the purposes of this Act as part of the interest charged in respect of the loan.

8.—(1) In respect of every contract for the repayment of money lent by a moneylender whether made before or after the commencement of this Act, the moneylender shall, on any reasonable demand in writing being made by the borrower at any time during the continuance of the contract and on tender by the borrower of the sum of one shilling for expenses, supply to the borrower or, if the borrower so requires, to any person specified in that behalf in the demand, a statement signed by the moneylender or his agent showing—

(a) the date on which the loan was made, the amount of the principal of the loan and the rate per cent. per annum of interest charged; and

(b) the amount of any payment already received by the moneylender in respect of the loan and the date on which it was made; and

(c) the amount of every sum due to the moneylender, but unpaid, and the date upon which it became due, and the amount of interest accrued due and unpaid in respect of every such sum; and

(d) the amount of every sum not yet due which remains outstanding, and the date upon which it will become due.

(2) A moneylender shall, on any reasonable demand in writing by the borrower, and on tender of a reasonable sum for expenses, supply a copy of any document relating to a loan made by him or any security therefor, to the borrower, or if the borrower so requires, to any person specified in that behalf in the demand.

(3) If a moneylender to whom a demand has been made under this section fails without reasonable excuse to comply therewith within one month after the demand has been made, he shall not, so long as the default continues, be entitled to sue for or recover any sum due under the contract on account either of principal or interest, and interest shall not be chargable in respect of the period of the default, and if such default is made or continued after proceedings have ceased to lie in respect of the loan, the moneylender shall be liable on summary conviction to a fine not exceeding five pounds for every day on which the default continues.

9.—(1) Where a debt due to a moneylender in respect of a loan made by him after the commencement of this Act includes interest, that interest shall, for the purposes of the provisions of the Bankruptcy Act, 1914, relating to the presentation of a bankruptcy petition, voting at meetings, compositions and schemes of arrangement, and dividend, be calculated at a rate not exceeding five per cent. per annum, but nothing in the foregoing provision shall prejudice the right of the creditor to receive out of the estate, after all the debts proved in the estate have been paid in full, any higher rate of interest to which he may be entitled.

The provisions of this subsection shall, in relation to such a debt as aforesaid, have effect in substitution for the provisions of subsection (1) of section sixty-six of the Bankruptcy Act, 1914.

(2) No proof of a debt due to a moneylender in respect of a loan made by him shall be admitted for any of the purposes of the Bankruptcy Act, 1914, unless the affidavit verifying the debt is accompanied by a statement showing in detail—

(a) the amount of the sums actually lent to the debtor and the dates on which they were lent, and the amount of every payment already received by the moneylender in respect of the loan and the date on which every such payment was made; and

(b) the amount of the balance which remains unpaid distinguishing the amount of the principal from the amount of interest included therein, the appropriation between principal and interest being made in accordance with the provisions of this Act where the interest is not expressed by the contract for the loan in terms of a rate; and

(c) where the amount of interest included in the unpaid balance represents a rate per cent. per annum exceeding five per cent., the amount of interest which would be so included if it were calculated at the rate of five per cent. per annum.

(3) General rules may be made under section one hundred and thirty-two of the Bankruptcy Act, 1914, for the purpose of carrying into effect the objects of this section.

10.—(1) Where, in any proceedings in respect of any money lent by a moneylender after the commencement of this Act or in respect of any agreement or security made or taken after the commencement of this Act in respect of money lent either before or after the commencement of this Act, it is found that the interest charged exceeds the rate of forty-eight per cent. per annum, or the corresponding rate in respect of any other period, the court shall, unless the contrary is proved, presume for the purposes of section one of the Moneylenders Act, 1900, that the interest charged is excessive and that the transaction is harsh and unconscionable, but this provision shall be without prejudice to the powers of the court under that section where the court is satisfied that the interest charged, although not exceeding forty-eight per cent. per annum, is excessive.

(2) Where a court reopens a transaction of a moneylender under the said section one of the Moneylenders Act, 1900, the court may require the moneylender to produce any certificate granted to him in accordance with the provisions of this Act, and may cause such particulars as the court thinks desirable to be endorsed on any such certificate, and a copy of the particulars to be sent to the authority by whom the certificate was granted.

(3) The powers of a court under the said section one of the Moneylenders Act, 1900, with respect to the reopening of the transactions of moneylenders, shall extend to any transaction effected under a special contract made in accordance with the provisions of section twenty-four of the Pawnbrokers Act, 1872, and accordingly, for the purposes of the first mentioned section the provisions of paragraph (a) of section six of the Moneylenders Act, 1900, shall not apply with respect to any such transaction.

(4) The powers of a court under subsection (2) of the said section one of the Moneylenders Act, 1900 (which enables a court at the instance of the borrower, surety, or other person liable, to exercise its powers under that section with respect to the reopening of the transactions of moneylenders, although no proceedings are taken for the recovery of the money lent, and notwithstanding that the time for payment may not have arrived), may in the event of the bankruptcy of the borrower be exercised at the instance of the trustee in bankruptcy, notwithstanding that he many not be a person liable in respect of the transaction.

(5) The powers of a court under the said subsection (2) of section one of the Moneylenders Act, 1900, may be exercised notwithstanding that the moneylender's right of action for the recovery of the money lent is barred.

11.—(1) Subject as hereinafter provided, no action by a moneylender for the recovery of money lent by him or for enforcing any agreement or security relating to any such money shall be brought in any inferior court other than a county court:

Provided that His Majesty may by Order in Council direct that any inferior court specified in the Order shall have the same jurisdiction as respects such actions as aforesaid as it would have had but for the provisions of this subsection, and any such Order may contain such provisions as appear to His Majesty expedient with respect to the making of rules of court for regulating the procedure to be followed in the case of any such action, and may be revoked or varied by any subsequent Order made in like manner.

(2) Before any Order in Council is made under this section, a draft thereof shall be laid before each House of Parliament for a period of not less than twenty-one days during the session of Parliament, and if either House before the expiration of the said period presents an address to His Majesty against the draft or any part thereof, no further proceedings shall be taken thereon, but without prejudice to the making of a new draft order.

12. Any agreement between a moneylender and a borrower or intending borrower for the payment by the borrower or intending borrower to the moneylender of any sum on account of costs, charges or expenses incidental to or relating to the negotiations for or the grant-

(Continued on page 9.)

National Convention News

Plan to Attend the Convention

Looking down on the center of the city from one of the Stout Airplanes—note the Pantlind Hotel in the center of all business and social activity

Big Surprises and How

Unusual and Varied Entertainment Awaits You in Grand Rapids

Grand Rapids and vicinity offers you more varied entertainment than can be found in most cities many times its size. There are fine theatres, dance halls, parks; there are 250 lakes and streams within an hour's ride offering the best of fishing, boating of all kinds, bathing, and other water sports; six golf courses are within twenty minutes of your hotel; Ramona Amusement Park, on Reeds Lake, with all its amusements—theatre, dancing, boating, bathing, etc., fifteen minutes by street car; Lake Michigan, with its beaches, is an hour away; there are many interesting exhibit buildings with the world's finest displays of furniture; there are fine churches, and many of the largest factories of their kind in the world. Grand Rapids is a beautiful city, with homes built along shady streets—truly a fine place in which to live. You will enjoy every minute of your stay.

Industrial Lenders

If you knew what Paul Casault, who is in charge of fun nite, had in store for you, you would not miss this convention for a million dollars. From what he has told the local committee you will have a rip roaring good time. We would like to tell you all about it but he says it's a secret.

Pantlind Hotel, Convention Headquarters

REMEMBER THE DATES, SEPTEMBER 19, 20 AND 21

Grand Rapids Industrial Lenders Association

620 G. R. National Bank Building

BRITISH LAW

(Continued from page 7.)

ing of the loan or proposed loan shall be illegal, and if any sum is paid to a moneylender by a borrower or intending borrower as for or on account of any such costs, charges or expenses, that sum shall be recoverable as a debt due to the borrower or intending borrower, or, in the event of the loan being completed, shall, if not so recovered, be set off against the amount actually lent and that amount shall be deemed to be reduced accordingly.

13.—(1) No proceedings shall lie for the recovery by a moneylender of any money lent by him after the commencement of this Act or of any interest in respect thereof, or for the enforcement of any agreement made or security taken after the commencement of this Act in respect of any loan made by him, unless the proceedings are commenced before the expiration of twelve months from the date on which the cause of action accrued:

Provided that—

(a) if during the period of twelve months aforesaid or at any time within any subsequent period during which proceedings may by virtue of this proviso be brought, the debtor acknowledges in writing the amount due and gives a written undertaking to the moneylender to pay that amount, proceedings for the recovery of the amount due may be brought at any time within a period of twelve months from the date of the acknowledgment and undertaking.

(b) the time limited by the foregoing provisions of this section for the commencement of proceedings shall not begin to run in respect of any payments from time to time becoming due to a moneylender under a contract for the loan of money until a cause of action accrues in respect of the last payment becoming due under the contract;

(c) if at the date on which the cause of action accrues or on which any such acknowledgment and undertaking as aforesaid is given by the debtor, the person entitled to take the proceedings is non compos mentis, the time limited by the foregoing provisions of this section for the commencement of proceedings shall not begin to run until that person ceases to be non compos mentis or dies, whichever first occurs; and

(d) if at the date on which the cause of action accrues or on which any such acknowledgment and undertaking as aforesaid is given by the debtor, the debtor is beyond the seas, the time limited by the foregoing provisions of this section for the commencement of proceedings shall not begin to run until he returns from beyond the seas, so, however, that section eleven of the Mercantile Law Amendment Act, 1856 (which relates to the limitation of actions against joint debtors where some are beyond seas) shall have effect as if this section were included among the enactments therein referred to as fixing a period of limitation.

(2) Without prejudice to the powers of a court under section one of the Moneylenders Act, 1900, if at the time when proceedings are taken by a moneylender in respect of a default in the payment of any sum due to him under a contract for the loan of money, any further amount is outstanding under the contract but not yet due, the court may determine the contract and order the principal outstanding to be paid to the moneylender with such interest thereon, if any, as the court may allow up to the date of payment.

14.—(1) The provisions of sections six, twelve and thirteen of this Act shall not apply in relation to any loan by a pawnbroker on a pledge, or in relation to any debt in respect of such a loan, or any interest thereon, notwithstanding that the loan is not made in the course of the business carried on by the pawnbroker in accordance with the Acts for the time being in force in relation to pawnbrokers, so long as the following conditions are complied with in respect of the loan:—

(a) The pawnbroker shall deliver or send to the pawner within seven days a note or memorandum containing all the terms of the contract, and in particular showing the date on which the loan is made, the amount of the principal of the loan, the interest charged on the loan expressed in terms of a rate per cent. per annum, and any other charges payable by the pawner under the contract, and the rate of interest charged shall not exceed the rate of twenty per cent. per annum;

(b) Subject as hereinafter provided, the pawner shall not be charged any sum on account of costs, charges, or expenses incidental to or relating to the negotiations for or the granting of the loan or proposed loan, except a charge for the preparation of documents relating to the loan not exceeding the sum of one shilling, and a charge equal to the actual amount of any stamp duty paid by the pawnbroker upon any such document:

Provided that a pawnbroker shall not be deemed to have failed to comply with the foregoing conditions by reason of his having made in good faith and in accordance with the terms of the contract for the loan—

(i) a reasonable charge in respect of the storage or care of any pledge which is not physically delivered to him or which, although so delivered, is of such weight or size that it would not under the Post Office regulations for the time being in force be received for tranmission by parcel post; or

(ii) a charge for interest at a rate not exceeding twenty per cent. per annum upon any sum reasonably expended by the pawnbroker in respect of the storage or care of the pledge; or

(iii) a charge not exceeding one shilling for rendering any account of the sale of any pledge; or

(iv) a charge not exceeding one shilling in respect of any inspection of the pawnbroker's books;

(2) Any charge authorized by this section for the preparation of documents relating to a loan, or in respect of stamp duty upon any such document, may be deducted by the pawnbroker from the amount of the loan, and, if so deducted, shall be deemed for the purposes of this Act to be included in the principal.

15.—(1) In this Act, unless the contex otherwise requires, the following expressions have the meanings hereby respectively assigned to them, that is to say:—

"Authorized name" and "authorized address" mean respectively the name under which and the address at which a moneylender is authorized by a certificate granted under this Act to carry on business as a moneylender;

"Business name," means the name or style under which any business is carried on, whether in partnership or otherwise;

"Company" means any body corporate being a moneylender;

"Firm" means an unincorporate body of two or more individuals, or one or more individuals and one or more corporations, or two or more corporations, who have entered into partnership with one another with a view to carrying on business for profit;

"Interest" does not include any sum lawfully charged in accordance with the

ATTENTION

Owners of Loan Offices in America

A consolidation or merger of independent small loan offices is proposed in the 25 states having a uniform small loan law.

One office only in each city having a population of 25,000 or more will be eligible.

Qualified owners will have the opportunity to be retained as managing vice-presidents or executives.

Mass production in manufacturing, chain store merchandising, inter-state chain financing are the important economic factors of the future.

Will buy for cash — part cash and stock — exchange securities.

Confidential correspondence invited.

Address answers to Richmond Wharton, Room 101, 34 Pine Street, New York City.

provisions of this Act by a moneylender for or on account of costs, charges, or expenses, but save as aforesaid, includes any amount, by whatsoever name called, in excess of the principal, paid or payable to a moneylender in consideration of or otherwise in respect of a loan;

"Principal" means in relation to a loan the amount actually lent to the borrower.

(2) Where by a contract for the loan of money by a moneylender the interest charged on the loan is not expressed in terms of a rate, any amount paid or payable to the moneylender under the contract (other than simple interest charged in accordance with the proviso to section seven of this Act) shall be appropriated to principal and interest in the proportion that the principal bears to the total amount of the interest, and the rate per cent. per annum represented by the interest charged as calculated in accordance with the provisions of the First Schedule to this Act shall be deemed to be the rate of interest charged on the loan.

16.—(1) Where any debt in respect of money lent by a moneylender whether before or after the commencement of this Act or in respect of interest on any such debt or the benefit of any agreement made or security taken in respect of any such debt or interest is assigned to any assignee, the assignor (whether he is the moneylender by whom the money was lent or any person to whom the debt has been previously assigned) shall, before the assignment is made—

(a) give to the assignee notice in writing that the debt, agreement or security is affected by the operation of this Act; and

(b) supply to the assignee all information necessary to enable him to comply with the provisions of this Act relating to the obligation to supply information as to the state of loans and copies of documents relating thereto,

and any person acting in contravention of any of the provisions of this section shall be liable to indemnify any other person who is prejudiced by the contravention, and shall also be guilty of a misdemeanour, and shall in respect of each offence be liable on conviction on indictment to imprisonment for a term not exceeding two years, or to a fine not exceeding five hundred pounds, or to both such imprisonment and fine, and shall be liable on summary conviction to imprisonment for a term not exceeding three months or to a fine not exceeding one hundred pounds.

(2) In this section the expression "assigned" means assigned by any assignment inter vivos other than an assignment by operation of law, and the expressions "assignor" and "assignee" have corresponding meanings.

17.—(1) Subject as hereinafter provided, the provisions of this Act shall continue to apply as respects any debt to a moneylender in respect of money lent by him after the commencement of this Act or in respect of interest on money so lent or of the benefit of any agreement made or security taken in respect of any such debt or interest, notwithstanding that the debt or the benefit of the agreement or security may have been assigned to any assignee, and, except where the context otherwise requires, references in this Act to a moneylender shall accordingly be construed as including any such assignee as aforesaid:

Provided that—

(a) notwithstanding anything in this Act—

(i) any agreement with, or security taken by, a moneylender in respect of money lent by him after the commencement of this Act shall be valid in favour of any bona fide assignee or holder for value without notice of any defect due to the operation of this Act and of any person deriving title under him; and

(ii) any payment or transfer of money or property made bona fide by any person, whether acting in a fiduciary capacity or otherwise, on the faith of the validity of any such agreement or security, without notice of any such defect shall, in favour of that person, be as valid as it would have been if the agreement or security had been valid; and

(iii) the provisions of this Act limiting the time for proceedings in respect of money lent shall not apply to any proceedings in respect of any such agreement or security commenced by a bona fide assignee or holder for value without notice that the agreement or security was affected by the operation of this Act, or by any person deriving title under him, but in every such case the moneylender shall be liable to indemnify the borrower or any other person who is prejudiced by virtue of this section, and nothing in this proviso shall render valid an agreement or security in favour of, or apply to proceedings commenced by, an assignee or holder for value who is himself a moneylender; and

(b) for the purposes of this Act and of the Moneylenders Act, 1900, the provisions of section one hundred and ninety-nine of the Law of Property Act, 1925, shall apply as if the expression "purchaser" included a person making any such payment or transfer as aforesaid.

(2) Nothing in this section shall render valid for any purpose any agreement, security, or other transaction which would, apart from the provisions of this Act, have been void or unenforceable.

18. This Act shall apply to Scotland subject to the following modifications—

(a) Certificates under section two of this Act shall be granted by the licensing court under the Licensing (Scotland) Acts, 1903 to 1921, within whose jurisdiction the premises in which the moneylenders' business is to be carried on are situated, and may be granted either at the general half-yearly meeting of such court, or at any adjournment thereof, which adjournment they may make from time to time for the purposes of this Act, or at some other meeting specially convened for that purpose, and an appeal against the refusal to grant such a certificate shall lie to the court of appeal under the said Acts:

(b) The power to make rules under subsection (5) of section two of this Act shall include power to make rules with respect to the procedure to be followed in appeals under the foregoing paragraph of this section:

(c) The provisions of subsection (3) of section twenty-seven of the Licensing (Scotland) Act, 1903 (which relates to the prescribing of fees), shall extend to the prescribing of fees payable to clerks of licensing courts and of courts of appeal for anything done under this Act:

(d) References to the presentation of a bankruptcy petition shall be construed as references to the presentation of a petition for sequestration; "scheme of arrangement" shall mean deed of arrangement; references to the admission of proof of debts shall be construed as references to the ranking of claims or debts; and "affidavit" shall mean oath:

(e) The Bankruptcy (Scotland) Act, 1913, shall be substituted for the Bankruptcy Act, 1914, except where subsection (1) of section sixty-six thereof is referred to; and Act of Sederunt under section one hundred and ninety of the said Act of 1913 shall be substituted for general rules under section one hundred and thirty-two of the said Act of 1914:

(f) Where decree is granted by any court in favour of a moneylender for any sum of money in respect of a loan by him, the court may, either at the time of granting such decree or at any time thereafter prior to the payment of such sum and on the application of either party, make an order that such sum shall be payable by installments of such amount and subject to such conditions as the court shall think fit:

(g) Section eleven of this Act shall not apply:

(h) Notwithstanding anything to the contrary in any Act contained, summary execution or diligence shall not be competent upon any bill of exchange or promissory note or upon any bond or obligation registered in the books of any court, where such bill, promissory note, bond or obligation has been granted to or in favour of or is held by a moneylender.

19.—(1) This Act may be cited as the Moneylenders Act, 1927, and the Moneylenders Act, 1900, and this Act may be cited together as the Moneylenders Acts, 1900 to 1927.

(2) Except where the context otherwise requires, references in this Act to the Moneylenders Act, 1900, shall be construed as references to that Act as amended by this Act, and this Act shall be construed as one with that Act, and the provisions of this Act as to moneylender's excise licenses and offences in relation thereto shall also be construed as one with the Acts relating to duties of excise and the management of those duties.

(3) The enactments set out in the Second Schedule to this Act are hereby repealed to the extent specified in the third column of that Schedule:

Provided that section one of the Moneylenders Act, 1911, shall continue in force as respects any agreement with or security taken by a moneylender before the commencement of this Act, or any payment or transfer of money or property made, whether before or after the commencement of this Act, on the faith of the validity of any such agreement or security.

(4) This Act shall not extend to Northern Ireland.

(5) Except as hereinafter provided this Act shall come into force on the first day of January, nineteen hundred and twenty-eight:

Provided that—

(a) Subject to the provisions of any regulations or rules made under this Act, licenses and certificates may be granted to moneylenders at any time after the first day of October, nineteen hundred and twenty-seven; and

(b) Orders in Council may be made under the provisions of this Act relating to courts to which proceedings on moneylenders' transactions are to be taken at any time after the passing of this Act, so, however, that no such license or Order

in Council shall come into force until the commencement of this Act.

Nothing in the foregoing proviso shall be construed to limit or otherwise affect the provisions of section thirty-seven of the Interpretation Act, 1889.

SCHEDULES

FIRST SCHEDULE

Calculation of Interest where the Interest Charged on a Loan is Not Expressed In Terms of a Rate

1. The amount of principal outstanding at any time shall be taken to be the balance remaining after deducting from the principal the total of the portions of any payments appropriated to principal in accordance with the provisions of this Act.

2. The several amounts taken to be outstanding by way of principal, during the several periods ending on the dates on which payments are made shall be multiplied in each case by the number of calendar months during which those amounts are taken to be respectively outstanding, and there shall be ascertained the aggregate amount of the sum so produced.

3. The total amount of the interest shall be divided by one-twelfth part of the aggregate amount mentioned in paragraph 2 of this Schedule, and the quotient, multiplied by one hundred, shall be taken to be the rate of interest per cent. per annum.

4. If having regard to the intervals between successive payments, it is desired so to do, the calculation of interest may be made by reference to weeks instead of months, and in such a case the foregoing paragraphs shall have effect as though in paragraph 2 the word "weeks" were substituted for the words "calendar months," and in paragraph 3, the words "one-fifty-second," were substituted for the words "one-twelfth."

5. Where any interval between successive payments is not a number of complete weeks or complete months, the foregoing paragraphs shall have effect as though one day were one-seventh part of a week or one-thirtieth part of a month, as the case may be.

SECOND SCHEDULE

Enactments Repealed

Session and Chapter	*Short Title*	*Extent of Repeal*
63 & 64 Vict. c. 51	The Moneylenders Act, 1900.	Section two; section three; in paragraph (*e*) of section six the words "registration under."
1 & 2 Geo. 5. c. 38	The Moneylenders Act, 1911.	The whole Act.

COMMUNICATIONS

Commonwealth of Pennsylvania Department of Banking

Harrisburg, Pa.
April 4, 1928.

TO SMALL LOAN LICENSEES:

It is now but a short time until June 1st, the date when Small Loan Licenses will have to be renewed for another year. Beginning with that date the department will assume a different attitude toward Loan Companies.

In the past, after examination of the different offices were made, it has been the practice of this office to write letters of criticism or recommendation based upon the reports of examinations. In replying to such letters, Licensees have only too readily promised to correct practices criticised and to comply with recommendations made, but in many instances licensees have evidently had no intention of keeping their promises, or of even trying to do so, as evidenced by conditions revealed by subsequent examinations.

In the future, when examinations are made which show that practices criticised at previous examinations are still being continued, the only letter that will be written by this department will be one citing you to appear and show cause why your license should not be revoked. It would be well, therefore, for all of you to review past letters of criticism received by you from this department and to correct immediately all of the practices criticised therein.

Very truly yours,
G. H. ORTH,
Chief, Bureau of Private Banks.

[This is what we call real supervision. The P. I. L. A. and the A. I. L. A. are back of the Penna. Banking Department to a man and will assist it in any way they can to enforce the Small Loan Law of Pennsylvania.—*G. W. K.*]

WHAT IS GOOD-WILL?

John O. Knutson in the April *Rotarian* says in his article on "The Cash Value of Ethics":

"What is good-will? Is it not an expression of confidence! The very foundation of business today is confidence. How long can there be confidence without character? Honesty is a basic element of character. As there can be no good-will without confidence, so there can be no lasting confidence that makes for enduring patronage and prosperity without character and integrity. Good-will is the most valuable asset of any successful enterprise. The duration of confidence and good-will is the ultimate measure of the ethics employed in policies pursued."

ADDRESSES WANTED

LeRoy and Elsie Betts, also known as L. L. Lewis, former address 1805 N. Rose St., Kalamazoo, Mich. His parents are Thos. E. and Elizabeth Betts of 4452 W. 30th St., Cleveland, Ohio. If any member has any information that would lead to the location of the above persons, please communicate with the Community Finance Service, 126 E. Main St., Kalamazoo, Mich.

"Information desired respecting Aaron (Bunk) Conover, lately removed from Jefferson County, Ind., supposedly to Indianapolis. Other Loan Companies take notice. JEFFERSON LOAN COMPANY, Madison, Ind.

UNITED STATES CHAMBER OF COMMERCE ANNUAL MEETING

The Sixteenth Annual Meeting of the National Chamber of Commerce, will be held in Washington, D. C., May 7th to 11th. "Team Work for Prosperity" is the theme around which the general sessions and the group sessions of the annual meeting will center.

The American Industrial Lenders Association will be represented by its National Councillor, H. T. Mattingly of Baltimore, Charles G. Mueller, Philadelphia, J. R. Collins, New York, and Wallace Groves, Baltimore. Their alternates will be C. A. Gardner, Baltimore; William Young, Philadelphia; H. E. Denegar, New York, and Samuel C. Taylor, Mt. Ranier, Md.

EXPERT — ECONOMIST — CRIMINOLOGIST—AUTHORITY—FARMER—PROFESSOR—AND BROTHER

BY LEON HENDERSON

The National Crime Commission calls him "expert," and sends him to Europe for research in penology. *Who's Who* lists him as "economist." His publishers advertise him as "Dr. L. N. Robinson, criminologist." In the field of finance he is an "authority" on consumers loans or small loans. At Tunkhannock, Pennsylvania, where he has a mountain home, he is a "farmer," though sometimes suspected of being a "dentist." Swarthmore College knows him as "Professor,' but we think of him as Brother Louis Robinson, *Swarthmore* '05. ("Louis" is pronounced as in French royalty.)

Truth of the matter is that he is a dealer in "facts in action." Just at present he's issuing pamphlets and articles for the National Crime Commission on statistics of crime, or rather, the lack of them. He's writing these so that people can and do read them, which seems to be a brand new idea. Two hundred newspapers used his last article which the German Government translated and distributed.

His Ph.D. thesis, "History and Organization of Criminal Statistics" is still the standard printed work on this subject. This study won the Hart, Schaffner and Marx essay prize in 1911. "Penology in the United States" by Brother Robinson, published in 1921, is claimed to be the most readable book in English on penology.

How many college men, coming under the influence of a great teacher, have longed for a career of study and service? To all such, Brother Robinson's history will be an interesting example.

Swarthmore awarded him the Joshua Lippincott fellowship and he studied at the German universities, Halle and Berlin. He was a fellow in economics and statistics at Cornell and won his Ph.D. in 1911.

His alma mater claimed him as head of the department of economics until 1918. Many eager young men and women caught from him and held a love of social science, not as a study of the abstract, but of the improvement of living conditions. Several universities and social research organizations house "Louis" boys and girls—Brother John Orchard, Professor of Geography at Columbia; Professors Bye and Gemmill at Penn; Brother Leon Henderson at the Russell Sage Foundation; Harold Smith, American Vice-Consul at Paris; and Brother Tom Taylor in Hoover's Department of Commerce.

"Facts in action." In 1917, when the Eddystone disaster occurred, Brother Robinson routed his economic majors out of bed at 4 a. m. and had a full-fledged relief agency operating before noon.

Theorist? Perhaps, but Philadelphia chose him for chief probation officer in 1918, and he still had time for the Pennsylvania Food Commission, and various state penal commissions. So he became "practical politician."

The Russell Sage Foundation commandeered him next to direct a survey of small loan conditions in the United States. This study, which will be published in 1928, called for expertness in history, law, finance, statistics, and the social interpretation of facts. Now his opinion is sought on the "loan shark problem."

At the very gates of Swarthmore College his home stands, and every now and then President Aydellote lures him inside to give a course—always with the same result that some student becomes an individual, finds that "Ec" as "Louis" teaches it is not at all dismal, and perhaps not a science, but rather an effort looking toward betterment.

One gets the impression that his chief recreation is raising a Quaker family of five children, one of whom, Walter, is a freshman at Swarthmore. To do this properly he must show a different kind of versatility, so he sets the pace whether it is motorboating, horseback riding, mountain climbing, farming, or swimming.

And he set a pace for public service and devotion to practical idealism that is worthy of Delta Upsilon.

(Reprinted from Delta Upsilon Quarterly, April, 1928, pages 162-163.)

CONNECTICUT

The regular meeting of the Connecticut Industrial Lenders Association was held at Hotel Taft, New Haven, Wednesday, March 21, 1928.

The meeting was called to order at 2 p. m., Chairman Connor, presiding.

The Roll Call was answered by twenty-four members.

The treasurer's report was read and approved.

Attorney Ullman, Assistant States Attorney, gave a short talk to the members about their coöperatian and their benefit to the community.

T. C. O'Brien, spoke about the functioning of the New Haven Exchange.

Mr. Connor read an extract from a letter received from F. B. Hubachek, relative to the Small Loan Law in Indiana. T. C. O'Brien spoke about the State Law with reference to Mr. Hubachek's letter. T. C. O'Brien was appointed chairman of the committee to appoint an attorney to determine what reaction the decision in Indiana would have upon the Connecticut Small Loan Law.

New Business

Regular dates were determined for all future meetings. These meetings will be held the third Wednesday in March, June, October and the third Saturday in January for the annual meeting and banquet. Mr. Connor, Mr. Lovegrove, Mr. Kanter and Mr. O'Brien, spoke about the advisability for set dates for regular meetings.

Mr. Scarpa, Chairman of the Banquet Committee gave a report on the anual banquet.

An application was received from the Home Finance Company of Stamford, Connecticut, for membership. A motion was made that the application be approved, it was seconded and carried.

It was decided to have an all-day outing and meeting the third Wednesday in June. This meeting is to be held at some desirable summer resort. Last year this meeting was held at the Double Beach House, Double Beach, Connecticut, and as everyone had a good time, we will no doubt hold our meeting there again.

The resolution on Colonel Clarence Hodson's death was read by Mr. Connor and also the acknowledgement from Colonel Hodson's family.

Mr. Connor selected Mr. Kanter and Mr. Kiely to prepare a talk at the meeting to be held in June. The subject must be relative to the loan business and the talker can select his own subject. Mr. Stephenson suggested having a member of a chain loan organization act as an applicant and a loan manager of an independent company act as loan manager so that all members would be enlightened as to the methods pursued in handling an application.

A. E. Dejon, *Sec.*

INDIANA

The date of the Annual State Convention is less than one month away, May 16th-17th.

Because the National Organization was entertained by us in 1927, our last Annual Convention was not a large one. During these two years there has been considerable change in the Loan Business and at this convention you will find many important facts which I know will be of interest to you.

L. L. Bishop, Chairman of the Program Committee, has prepared an exceptionally good program. The Banquet will be held Wednesday evening and you are assured that there will be no long-winded speakers, such as have heretofore interfered with the social side of the Convention. The Association Luncheon will be held Thursday at noon and this Luncheon will be gratis.

The meeting will start at 10:00 A. M. Wednesday, May 16th, and we sincerely trust that you will arrange to be in attendance for the two days.

This office has just been advised that Elmer Johnson will address the Convention on the subject of "Examinations." As you probably have been advised, we now have an Examiner in Indiana, who will call on each and every office and I am sure, if you will make your arrangements to hear Mr. Johnson discuss this subject, you will find this one item will more than repay you for the time spent at the Convention.

You are urged to bring your Lady Friend, whether it be your Wife, Sweetheart, or someone else's wife.

May we count on you for your full coöperation to make this, the Fourteenth Annual Convention, the most successful.

R. F. Hartz, *Sec.*

IOWA

Announcement of Iowa's Most Important Meeting

Who? Iowa Industrial Lender's Association.

Where? Fort Des Moines Hotel—Friday, May 25, 1928.

Why? To promote, discuss and learn all about the small loan business.

A cordial invitation is extended to all Licensed Lenders to attend—Bring your office force. Bring your stock-holders. Bring your best girl. Bring your wife.

We are planning on your being here, so get your affairs arranged and attend—all informal.

Bring your loan problems to us, let us help you solve them.

We want you to be here. Please send out enclosed card at once. No charge for advice, (its free). No funds solicited.

Attendance Committee,
B. J. Miller, *Chairman,*
252 K. P. Block, Des Moines, Iowa.

MARYLAND

The regular monthly meeting of the Maryland Industrial Lenders Association was held in the Board Room, 22 Light Street, Tuesday evening, April 10th.

In the absence of the chairman the meeting was called to order by the Vice-Chairman, J. E. Turner.

There were 39 present at this meeting representing 22 offices.

Reports

Treasurer — Mr. Baseman reported $936.24, on hand with all bills paid.

Vigilance Committee—Mr. Rosenfield reported that things were running so smoothly that he had nothing to report.

New Business

On account of discontinuing their 3½ per cent business the National Credit Corporation tendered their resignation. Upon moton duly seconded said resignation was accepted.

Upon motion made by Mr. Moss and seconded by Mr. Hood, J. Goldrick was appointed a committee of one to visit C. H. King, relative to nonpayment of dues. Mr. Goldrick to report at our next meeting.

Upon motion made by Mr. Moore, and seconded by Mr. Houghman, the secretary was instructed to secure all minutes of the Association from the time of its organization from the past secretaries, and to arrange to have these minutes at each meeting, so that any member that desired may have access to them.

Upon motion of Mr. Moss, seconded by Mr. Houghman, the secretary was instructed to write each member calling their attention to section 10 of the Constitution which is as follows:

Section 10—Constitution—"Dues."

"The annual dues of a member whose office has an average outstanding loan balance of fifty thousand dollars or less for the previous calendar year, shall be sixty dollars per year, payable five dollars monthly in advance on the first day of each and every month; the annual dues of a member whose office has an average outstanding loan balance of from fifty to one hundred thousand dollars shall be one hundred and twenty dollars per year, payable ten dollars per month in advance on the first day of each and every month; the annual dues of a member whose office has an average outstanding loan balance of one hundred thousand dollars or more for the previous calendar year, shall be two hundred and forty dollars per year, payable twenty dollars per month in advance on the first day of each and every month. No abatement of dues shall be allowed for any period less than thirty days," and to ask them to advise the secretary which group their office belongs in.

The Banquet Committee reported that the Annual Banquet will be held at the Emerson Hotel, Tuesday evening, May 15th. The Annual Business Meeting to be held promptly at 2 p. m., on the same afternoon at the same place—The Emerson Hotel.

E. M. Garren, *Secretary.*

PENNSYLVANIA

The P. I. L. A. will hold their spring meeting in Altoona, at the Penn Alto Hotel, on Wednesday, May 9, 1928, at 10 a. m.

We have not met in Altoona for several years, and the last time we were there, we had a splendid meeting, so that it is safe to say that this year will be no exception.

The committee in charge have arranged to have speak to us D. Lloyd Claycomb, Esq., who will have an interesting subject to talk on.

Dr. M. R. Neifeld, Statistician of the Beneficial Operating Bureau, will speak in the afternoon on "The Value of Knowing Your Business," and Mr. Elwood S. Raugh, a prominent merchant of Altoona, will address us on "Economic Conditions as They Exist in Altoona."

Let us have a large attendance at this meeting.

W. S. Herron, *Secretary.*

TENNESSEE

The quarterly meeting of the T. I. L. A. was called to order by Chairman John Richards at the Read House in Chattanooga, Tennessee, at 11:30 o'clock, Tuesday, March 13, there being present:

Personal Finance Companies of Chattanooga, Knoxville, Nashville and Memphis; Lincoln Loan Companies of Nashville and Chattanooga; Richards Loan Company of Knoxville.

Chairman Richards made a short address of welcome, also reviewed the work as chairman since election.

John Richards, chairman, was elected delegate, unanimously, to attend the National Convention at Grand Rapids, Michigan, in September.

C. G. Liggett, a prominent loan man of Dayton, Ohio, and Department Supervisor for the Beneficial Operating Bureau was next introduced. Mr. Liggett made a very interesting and educational talk about the loan business in general. We of Tennessee are deeply grateful to Mr. Liggett for his untiring efforts in our behalf. He, more than anyone else, has given time and effort in our behalf and the convention gave him a rising vote of thanks for his efforts and asured him that we were looking forward to seeing him again at the next meeting.

Upon motion of Mr. Love, seconded by Mr. Hodge, the next meeting will be held at the Andrew Jackson Hotel, Nashville, Tennessee, June 7.

Luncheon

Toastmaster, C. G. Liggett, and he in his usual snappy way kept the program going. It was enjoyed by all present. He also made an explanation of our business for the benefit of the visitors, telling them our aim in the Domestic set up of the country.

Visitors present were: Judge Oscar Yarnell, of Circuit Court of Hamilton County; W. C. K. Meacham, a prominent attorney of Chattanooga; Mercer Reynolds, President of Chamber of Commerce of Chattanooga.

These three gentlemen made very constructive talks, giving the lenders their ideas as to how the business should be conducted as between themselves and the public. Mr. Meacham especially made a very interesting address proving to all present that he was thoroughly conversant as to all phases of the small loan business.

Afternoon Session

On motion of Mr. Love, seconded by Mr. Humphrey, secretary was instructed to write the national officers and invite them and urge that they attend our meetings. On motion of Mr. Richards, seconded by Mr. Manford, secretary was instructed to write proper resolutions on the death of Col. Clarence Hodson, a copy to be spread on the minutes and a copy furnished to the bereaved family.

Colonel Clarence Hodson

Whereas, The business world has lost a commanding leader; The Industrial Loan business an understanding friend; and

Whereas, The American Ideals have lost a stalwart champion of the new concept of business, with its conscience and responsibility, as a field of human service.

Resolved, That we record with deep sorrow the death of Colonel Clarence Hodson who we honor as the founder and who at a great personal sacrifice did more than anyone, we think, to place the Industrial Loan Business on the high, dignified, plane that it to-day occupies; and be it further

Resolved, That we who valued his counsel and services, also record our pride in the inspiration of his unselfish life that did so much to formulate the spirit of fair play and good conscience as a new concept of business in the field of human service.

RELATIONS WITH OTHER INDUSTRIAL LENDERS

By Lloyd E. Rice

The business in which we are engaged occupies a singular position in regard to the spirit of friendly and cordial relationship, which undeniably exists between each and all of us.

Look high and low into the affairs of other lines of business and you can find no such spirit of helpful coöperation amongst competitors. There are several very good reasons for the Lenders attitude, among which are: We have been taught to realize that the perpetuation of our business is as important to one as to the other and can be brought about only by the concentrated efforts of all. We have also come to know through many sad experiences that no good work can be accomplished without the full support of all of us. Another very good reason is that the Lenders as a whole represent the very highest type of American business men, who have the intelligence and sound business sense to conduct their affairs in a dignified and ultra fair manner.

All of us are thoroughly familiar with the code of ethics adopted in National Convention at Baltimore in September 1924. The results before enumerated are in themselves conclusive that these articles are being lived by the Lenders.

Article No. 6 of this code is under the same caption as the title of my subject. I think it very wise to read these six clauses.

1. We shall seek to maintain intimate, cordial and friendly relations with our competitors and shall practice clean and honorable competition.

2. We shall not make false or disparaging statements, either written or oral, or circulate harmful rumors respecting a competitor's business. Neither will we simulate the trade mark, trade name, slogans or advertising matters of a competitor.

3. We shall disseminate information and exchange experiences that each licensee may profit thereby and avoid the losses and hardships resulting from lack of knowledge obtainable from each other.

4. We shall make no false statements to each other, to our association or to the public.

5. We condemn the practice of "doubling up." If we know an applicant is a present debtor of a competitor, it shall be ethical practice to either pay off the debt or decline the application.

6. We shall refrain from prying into the business secrets of competitors' Patrons; from using a mailing list of competitors' patrons as disclosed by the public records.

I have not heard of a single infringement on any of these pledges by a member of this Association and I sincerely believe that at no time will such transgression be recorded at least within the body of the West Virginia State Association members.

When you come to sum it all up, friends there is only one answer to it all, and that is—just be fair; fair in your thoughts, words and deeds. Not only is this the solution of the problems between ourselves, but with every one else in general.

A LOAN WELL MADE IS A LOAN WELL PAID

By L. G. Lemaster

There are several important characteristics which determine if a loan is well made which may be represented by the following:

The need for money, to be used for a good constructive purpose in the home, and not saddle the customer with an additional debt. The proper amount to be loaned, an important feature within itself, and must be determined by: the customer's ability to pay, credit standing with tradesmen, amount of security which he has to offer, size of family, other outstanding debts, willingness to pay, evidenced by dealings with other creditors.

These factors must be considered in the making of a loan, and the ultimate decision depends upon the outlined conditions.

It is not always necessary in making a loan, that it be made large enough to cover the entire indebtedness of a family, because in some cases the tendency is to get back into the same position which they had before the loan was made, and then be unable to pay their debts.

Therefore, in arriving at a conclusion, as to when a loan is made well enough to insure the prompt repayment I weigh the conditions, as previously stated, and after the correct figure is determined, the problem of properly closing the loan. This is not done by simply having the customer sign the necessary papers, telling them that this is a note, a trust deed, and wage order, that payment is due on a certain date, and hand over the money.

In the closing of a loan to a new customer each and every legal document they sign is thoroughly explained, by reading to them the agreement they make, when their signatures are affixed to the document. Conditions of repayment as stated in the note and agreement must be made plain, the trust deed must be

explained and the same with a wage order.

The first part of properly making a loan is completed when the customers have had the deal thoroughly explained, and had the right to ask questions concerning points not entirely clear, the payment book explained with the proper stress being placed upon the due date throughout the explanatory talk. But, does this completely and thoroughly close a loan which will be properly paid? It does not, for the following reason. Why did the customer have to borrow money? The whole process of trying to help customers, will come to naught, if we fail to help them, so that future borrowing will be unnecessary.

In practically all cases of people who borrow money from industrial banks, it is evident that they have failed to plan for the future and something unforeseen has come up, which necessitates borrowing. If we want to be reasonably assured that a loan will be well paid we must try to remedy the cause for borrowing, and that can be done only, through the teaching of thrift and teaching the customer to bduget their income, plan for unforeseen emergencies by starting a savings account, to insure against the necessity of future borrowing.

To arrive at a final conclusion as to the making of a loan so well that it will be repaid without loss, we must then render a service to the borrower, which will make them indebted to us for more than money.

Summarized, the loan would be made for a proper amount, and thoroughly closed with the spirit of a helpful, family financial service. In other words prove to the public that we are more than a loan company, by rendering a service which will be of a greater benefit to the borrower than the loaning of money.

ILLINOIS

The Illinois Industrial Lenders Association held its regular quarterly business meeting and eleventh annual banquet at the Palmer House, Chicago, Illinois, April 26, 1928.

The business meeting was held in the afternoon with very satisfactory reports from the officers on the balance in the treasury, and the report of the secretary on membership. The following new members were voted upon and accepted: Lincoln Loan Company, 6240 S. Halsted Street, Chicago, Illinois; Lincoln Loan Company, 4016 W. Madison Street, Chicago, Ilinois; Legal Loan Company, 88 Fox Street, Aurora, Illinois; Kankakee Investment Company, 512 City Banks Building, Kankakee, Illinois; Illinois Cash Credit Corporation, 3321 N. Clark Street, Chicago, Illinois; Illinois Cash Credit Corporation, 3128 N. Ashland Ave,. Chicago, Illinois; Illinois Cash Credit Corporation, 2443 Lincoln Avenue, Chicago, Illinois; Illinois Cash Credit Company, 5423 N. Clark Street, Chicago, Illinois.

Our legal council, Mr. Charles R. Napier favored us with a talk on a number of important subjects.

President, Al Snite, complimented the membership upon its donations to the amount of $1.000 made to the Chicago Crime Commission, and a letter was read from the commission giving thanks for the support.

The Eleventh Annual Banquet by the I. I. L. A. was held at 7 p.m. in the Grand Ball Room which is generally voted to be one of the most beautiful of its kind, and the dinner was served in true Palmer House style.

Toastmaster, Tate Harrison, of Waterloo, Iowa, presided 100% and you all know Tate's ability in this respect. We were very glad to have him with us.

The toastmaster introduced the speaker and the guest of honor, Dr. Preston Bradley, who is one of the leading preachers in the Middle West, and Pastor of the Peoples Church in Chicago. Dr. Bradley is a fiery, magnetic orator, and delivered a message to us which every member will remember and think about for a long time.

The Popular Ball Room Orchestra furnished the music for dancing and an unusually good time was had by all.

The affair was a complete success and we are sure each member will look forward to the next annual banquet.

J. H. Sanderson, *Secretary.*

NEWS ADS PULL

J. H. Malone who has conducted a small loan business for the past four years, under name of Philadelphia Fund, at Philadelphia, has sold the business to the Girard Investment Co.

The Girard Investment Co. received this office through their ad in Lenders News.

Victory or defeat is not determined at the moment of crisis, but during the long, unspectacular period of preparation.

THE FUTURE OF THE SMALL LOAN BUSINESS

The address of Franklin W. Ryan, at the Elk's Club, Newark, N. J., March 22d, on "The Future of the Small Loan Business" published in our April issue, created such favorable comment, that an extra run of the April number was necessary, and the executive committee has authorized an edition printed in booklet form, which may be purchased from the secretary's office in Harrisburg, Pa., in quantities, at three cents per copy, single copies ten cents each. Orders have already been received for six thousand copies.

PERSONAL

John D. Williams, was recently elected second vice-president of the Community Finanice Service, with headquarters in Philadelphia. Mr. Williams started only a few years ago as an appraiser for this corporation and illustrates the possibilities of a young man who enters the industrial loan field and applies himself strictly to the advancement of his employer's interests. This, as well as previous promotions, was earned on merit, and we congratulate him.

LOCAL EXCHANGES

Pittsburgh, Pa.
April 12, 1928.

The regular monthly meeting of the Pittsburgh Industrial Lender's Association, was held in the Dutch-room, of the Fort Pitt Hotel, Thursday evening, April 12, 1928, at 7:00 p. m.

After the dinner, which was arranged for by Mr. Northart, the meeting was called to order by the Secretary, who advised the members that our chairman, Mr. Loupe, was compelled to send his regrets at not being able to be with us tonight, owing to a slight illness, and upon request of the members, Mr. Hartman was requested to take the Chair, and act in Mr. Loupe's capacity. Upon motion made by Mr. Fisher, and seconded by Mr. Kent, the minutes of the previous meeting were approved as distributed.

Upon order from the Chair, the secretary was instructed to call the roll, and the following members were present: Mr. Hipp, Mr. Gundecker, Mr. Marxen, Mr. Hartman, Mr. Thale, Mr. Dornhoefer, Mr. Kent, Mr. Kerr, Mr. Renner, Mr. Martin, Mr. Northhart, Mr. Fisher, Mr. Easley, Mr. Barker, and Mr. Shæffer.

Upon motion made by Mr. Fisher, and seconded by Mr. Renner, the report of the treasurer was received, and ordered spread on the minutes.

Exchange Committee

The Chair at this time, advised the members that the office of vice-chairman was vacant, and nomination for this position was now in order. Upon motion by Mr. Dornhoefer, and seconded by Mr. Fisher, Mr. Hartman was nominated. No further nominations being made, the nominations were closed, and the secretary ordered to cast the ballot. Upon the vote taken, Mr. Hartman was unanimously elected to the office of vice-chairman on the Exchange Committee. Our new vice-chairman, at that time addressed the members, thanking them for electing him to this office, and also expressing the hope that he would be able to be of service to all of the members at any time. Mr. Hartman, being one of the founders of the Exchange, and one of the original Exchange Committee Officers, the members present, expressed their confidence by giving Mr. Hartman a very generous applause. Mr. Hartman now addressed the meeting, and in behalf of our absent chairman, requested that the Pittsburgh Association make every effort to have a large attendance at the State Meeting, which is to be held on the first Thursday in May, which will give the Association an opportunity to make plans for attending the State Meeting at Altoona, and the secretary was instructed to notify the members of this special meeting in the regular form.

On request of the Chair, the secretary at this time then read a letter from State Secretary Herron, in reference to the Salary Buyers, and after some discussion on this matter, the Chair advised that there was no further development at the present time, and the Pittsburgh cases were being held, subject to a decision in Philadelphia. The secretary also at this time read a letter from Mr. Shultz, a former member of our Association, who had recently been transferred to Philadelphia. Mr. Shultz sent his best wishes for the continued success of the Pittsburgh Exchange, and regretted his inability to be with us to-night.

Mr. Fisher, at this time, called the Chair's attention to the practice of a local Automobile Company, and their method and charges in making loans. After a lengthy discussion, the Chair appointed Mr. Kent, Mr. Fisher, and Mr. Shaeffer as a vigilance committee, to obtain whatever information they could, regarding this concern, and report at our next meeting. The secretary was also instructed to take this matter up with the Philadelphia Association to obtain whatever

information as to what methods have been used there, in obtaining evidence against these Automobile Loan Companies.

The Chair at this time called upon Mr. S. E. Marxsen, successor to Mr. Shultz. Mr. Marxsen expressed his pleasure in being with us, and the Chair at this time introduced Mr. Marxsen to the other members of the Association.

Mr. Fisher then addressed the Chair, requesting that a uniform number of holidays be observed by all of the Pittsburgh members, and after some discussion, the following days were proposed, and the secretary instructed to incorporate this in the minutes, and the matter to be taken up at the next meeting. The holidays suggested are: January 1st, February 22nd, Good Friday, Decoration Day, Fourth of July, Labor Day, Armistice Day, Thanksgiving, and Christmas. The Chair now addressed the members, and requested that all future meetings be held at 6:00 P. M., promptly, and the secretary was asked to lay special stress on this in notifying the members of future meetings.

PUBLICITY COMMITTEE

Mr. Renner, at this time, advised the members that the *Post-Gazette* were willing to carry a heading in their paper, calling attention to our business if the members would consent to carry one column of advertising in this paper. This matter was discussed again at length, and the Chair suggested that this matter was up to the individual members. The members than gave a vote of thanks to Mr. Northart, for the splendid dinner, and arrangements which were taken care of by him for this meeting. No further business being before the members at this time, upon motion made by Mr. Northart, and seconded by Mr. Dornhoefer, the meeting adjourned. A. H. THALE, *Sec.*

NEW MEMBERS

Add the following to your 1927 Year Book Directory: The City Finance Co., Inc., 312 Equitable Bldg., Baltimore, Md.; Pennsylvania Industrial Finance Association, 1906 Germantown Ave., Philadelphia, Pa.; Peoples Loan & Mortgage Co., 721 G. R. National Bank Bldg., Grand Rapids, Mich.; Commonwealth Loan Co., 9014 Grand River Ave., Detroit, Mich.; The Cumberland Finance Co., N. W. Cor. Square, Toledo, Ill.; Beneficial Loan Society, 761 Dudley St., Dorchester Mass.; Security Loan Co., 206½ N. Michigan St., Plymouth, Ind.; The Mercantile Finance Corp. of N. J., 1535 Pennington Road, Trenton, N. J.; The Mutual System of New Haven, Inc., 14 Center St., Bridgeport, Conn.; Edgar L. Monks, 104½ W. Washington St., Winchester, Ind.; Royal Loan Co., 527 Paul Brown Bldg., St. Louis, Mo.; Home Credit System, Inc., 120 Tube Concourse Bldg., Jersey City, N. J.; Ozark Loan Society, 215 Fullerton Bldg., St. Louis, Mo.; Public Loan Association, 525 Main St., Hartford, Conn.; Thompson Finance Corp., 201 American National Bank Bldg., Vincennes, 2nd; The William I. Marsh Co. (associate member), 229 W. Illinois St., Chicago, Ill.; Surety Finance Co., 104 N. Lincoln St. Port Angeles, Wash.; Cosmopolitan Personal Loan Co., Inc., 605 Main St., Buffalo, N. Y.; Community Finance Service, Inc., 5 W. Chelten Ave., Gtn., Philadelphia Pa.

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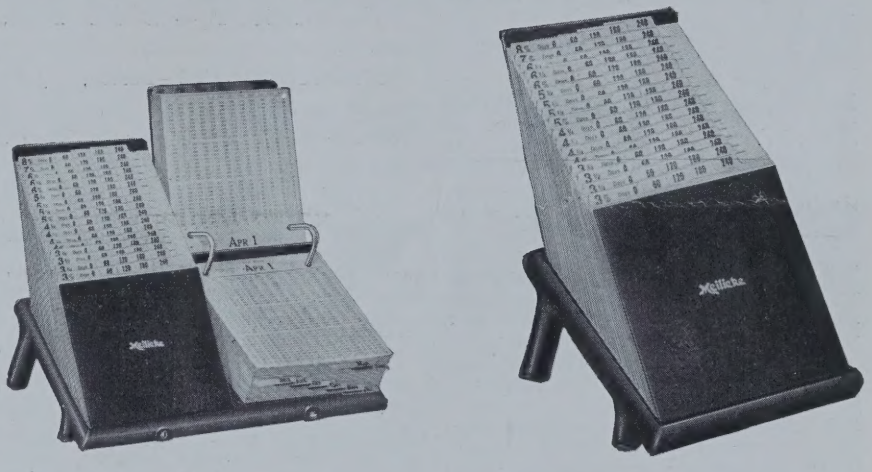
Time and Interest Calculators



Lower the Costs That Eat Into Profits

LIKE oil in your car, Meilicke Time and Interest Calculators will make your business go farther, faster, smoother at less expense if you use plenty of them. Your employees spend most of their time getting answers by the scratchpad route. With Meilicke Calculators they flip down a card and instantly enter, post or bill the right amount—proved right. Hundreds of Meilicke Calculators are saving thousands of expensive man-hours for loan companies. The saving is all profit, for the small investment was quickly repaid.

The Meilicke Calculator on the left is a combination time and interest calculator. Turn down the right hand card to the current date, and read direct expired time to any date within a year. Turn down left hand card for that day and read direct interest on any amount for that time. Price $80.00.

The Meilicke Calculator on the right is an interest calculator only. Flip down the card for the expiration date, and read direct the interest to that date on any amount at any rate. Every answer PROVED correct. Approved by all state examiners. Price $40.00. Try either or both of these calculators for thirty days free.

If our Local Agent cannot supply you, shipment will be made from the factory.

MEILICKE SYSTEMS, Inc.

Makers of Time-Saving Devices

3462 N. Clark St. Chicago, Illinois

CAUTION

Over-zealous collectors will do well to read and pay heed to the following copyrighted article which appeared in a recent issue of the *Philadelphia Inquirer* under the title, "What Is the Right of Privacy?"

"The collector of the Modern Department Store called at the house of Agnes Thomas a number of times and always found her out. Tired of making futile calls, the collector wrote the following on a number of cards which he tacked up conspicuously on the house and in the yard:

"'Please Take Notice. Our collector was here for payment. We would save you the annoyance of his further calls if you will pay at the store.'

"Incensed at the action of the store, Mrs. Thomas entered suit for $5,000 damages, claiming that the placing of the notice on her house had caused her to be exposed to public contempt and disgrace.

"The store contested the action on the ground that it had a right to tack on the sign, because its contents were true.

"But the jury in the Kentucky Court, in which the case was decided, despite the truth of the sign, acting upon the law as stated below by the judge, brought in a verdict of $500 for Mrs. Thomas:

"'There is a new right which is being recognized by the Courts in a number of jurisdictions. It is the right of privacy; that is, the right of a person to live without unwarranted interference by the public about matters with which the public is not necessarily concerned. An exception exists in matters which are of public or general interest.'"

Loan Offices Wanted.—We will pay a liberal cash price for established licensed loan offices. Replies will be treated in strict confidence. Yahlem Finance Corporation, C. H. Yahlem, President, 1035 N. Grand Ave., St. Louis, Mo.

LOAN OFFICES WANTED

Will pay cash for Licensed Loan Offices operating in Missouri, Illinois and Iowa. Personell of Office can be retained.

David B. Lichtenstein

1123 Ambassador Bldg.,

ST. LOUIS MISSOURI

We Will Buy for Cash

Any established Industrial Lending Offices or group of Offices in Pennsylvania at a liberal price.

Replies will be treated in strict confidence.

GIRARD INVESTMENT CO.,
President's Office,
226 South 15th St.,
Philadelphia.

MEETING SCHEDULE

PENNSYLVANIA—Altoona, May 9.

MISSOURI—St. Louis, May 10.

WEST VIRGINIA—Huntington, May 11.

MARYLAND—Baltimore, May 15.

INDIANA—Indianapolis, May 16 and 17.

IOWA—Des Moines, May 25.

NEW JERSEY—???? June 7.

TENNESSEE—Nashville, June 7.

CONNECTICUT — Double Beach, June 20.

MASSACHUSETTS—Boston, July 18.

OHIO—Cedar Point, July 25, 26, 27.

ILLINOIS—Chicago, July 26.

GEORGIA—Atlanta, July 27.

WEST VIRGINIA—???? August 10.

MICHIGAN — National Convention, Grand Rapids, September 19, 20, 21.

TOLEDO, OHIO

The Toledo Industrial Lenders, have taken a step forward. They have organized the Toledo Industrial Lenders' Association of which the following companies are members: The City Loan & Savings Co., R. H. Heinrich; Community Collateral Loan Co., J. C. Graham; The Erie Finance Co., Mr. F. S. Blue; The Community Finance Service, Inc., D. M. Tait; The Colonial Finance Co., Mr. E. T. McMahon; The Toledo Collateral Loan Co., C. C. Woodley; The Personal Finance Co., Inc., W. F. Fox; The City Finance Co., R. R. Heath; The United Loan Co., E. W. Saul, Empire Finance Co., E. E. Schaedler, and the Ohio Finance Co., E. C. Vick.

The Toledo newspapers gave them a nice write-up and published cuts of the officers. E. C. Vick has succeeded F. F. Stalker as vice-president.

W. F. Fox, *Sec.*

ANOTHER REASON FOR MEMBERSHIP

The secretary received the following letter from B. F. Wunsch, Manager of the Commonwealth Loan Co., Dayton, Ohio:

"Some time ago I sent to you an account that had skipped from Dayton, O., to Pittsburgh, Pa. You kindly turned the account over to your State Ass'n Sec'y who transferred it to Mr. J. W. Hipp, Manager of Peoples Finance Co. at Pittsburgh.

"I want to give all honor and credit for the collection of this account to Mr. Hipp, this man is a wow when it comes to giving Skip accounts attention. This skip had not paid us a cent for over a year and when a man goes out and gets the entire amount, I'll say he's some collector.

"If at any time any member of your State Ass'n has anything in our direction? I would be pleased to be of service.

An Industrial Lender Writes

"The freshness of your copy style and the fact that you really bring out New Ideas in your Advertising Service is bringing in customers at an exceptionally low cost per Loan."

Write for sample folders and monthly Advertising Service.

A. N. Winter

N. A. WINTER

Industrial Lenders Advertising Helps

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INDUSTRIAL LENDERS NEWS

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JUN 3 1928
UNIVERSITY OF ILLINOIS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. XII, No. 12. JUNE, 1928. Price, $1.00 a year.

Our Biggest Bank to Serve Small Borrowers

First, because it "promises to be the death-knell of the loan-shark business in New York"—the Boston *Post's* phrase—and second because it is what the Newark *News* calls a "new adventure in democratic finance," the establishment of a personal loan department by the National City Bank of New York has attracted nation-wide attention. When the greatest bank in the country is lending from $50 to $1,000 to salary or wage earners without collateral or service charge, on a 6 per cent basis with repayment on the installment plan, it means that the loan shark is facing extinction, say a number of papers both in and out of New York. The response of the borrowing public to the announcement almost overwhelmed the National City officials. On the first day there were 500 applications for loans, and for the first four days the total ran up to around 3,000. A bank official, as quoted in the New York *Herald Tribune,* says that:

"The men outnumber the women, and the married men outnumber the single men. There are policemen and firemen and mail carriers and city employees and clerks and stenographers—mostly office workers. And they have piled in in streams that have upset all our calculations."

The National City Bank's announcement comes as a climax, so the Washington *Post* notes, to a great campaign being made by New York State officials against the unscrupulous loan sharks of the metropolis and the Empire State. In consequence there has been developing a dearth of borrowing facilities for small-salaried individuals, and "the National City Company steps into the breach." Of course, as the Hartford *Courant* and other papers remind us, the Morris plan banks and similar specialized lending institutions have done much to provide a substitute for the loan shark. But the National City plan "is not only the obvious way to deal a death-blow to the loan sharks," observes the Newark *News*—

"It not only contributes to popularizing the resources of a great financial institution, as the baby bond and the small-par share have popularized and extended corporate ownership, investment participation, and the avenues to wealth.

"Even beyond these things, as President Mitchell makes clear, it evidences the confidence of the biggest of American banks in the average man and woman, whose integrity it has proved in another and successful effort to reach down to the people through a compound-interest thrift department. It is a step forward in the democratization of banking.

"The National City's new adventure in democratic finance will justify itself because average men and women are honest and proud of it. Pioneering in human confidence, it will have imitators. The experience of the properly so-called beneficial loan societies in New Jersey and elsewhere, operating in a more limited field, has demonstrated the soundness of the principle upon which the bank's departure is based. Many banks have long done the same thing in instances where personal contacts justified faith in individual integrity. The National City's course is new, however, in its comprehensiveness."

There is every reason why great financial institutions should render service like this, contends the New York *Evening World;* "more and more the bank is becoming an institution of service not only to the business man of means but to the people generally of the community in which it operates and which it may well serve."

The establishment of the National City Banks personal loan department, we read in the New York *Times,* "marks the entry of the bank into a field that has been hitherto untouched by the large commercial banks of New York." It will be remembered that some six years ago the National City Bank went into the savings-bank business by opening a compound-interest department, which now has 175,000 depositors. President Charles E. Mitchell says: "It is desired to round out a comprehensive banking service to all classes, and to make closer contact with the people of the city and, specifically, those individuals minded to thrift." Among the purposes for which loan applications will be considered are family needs, home improvements, personal emergencies, and property charges. Amounts from $50 to $1,000 may be borrowed without collateral, but with the names of two co-makers on the note. Applications will be considered from any one who has or who opens a compound-interest account. There are to be no fees, investigation charge or service charge. Because of the method of repayment the actual return to the bank will, as calculated by the New York *Journal of Commerce,* be nearer 9 than 6 per cent. This method is explained as follows in the National City Bank's circular:

"You have a year to repay the loan. And to help you accumulate the required amount with certainty, it is provided that you make deposits weekly, semi-monthly, or monthly in a compounding-interest account. On these deposits the regular interest of 3 per cent per annum, compounded monthly, will be paid by the bank. So at the end of the year, in addition to having accumulated a fund with which to pay off the loan, you will have acquired the interest on the fund.

"There are few persons who at some time or other do not need financial assistance.

"Sometimes it may be as important to borrow money as it is to save money. No one ought to sacrifice his own health, neglect his family's welfare, ignore an opportunity, fail to improve the value of a home, or limit a child's education, for lack of ready cash. A sound loan may be just the thing that will save the day."

Upon inquiry *The American Banker* discovers that a number of New York banks have been making small personal loans for years in a more or less informal way, and will continue to do so. Since the announcement of the National City plan, says the same authority, "one large Buffalo bank has adopted it, and the interest displayed by out-of-town bank officers in seeking information either by personal calls or in requests for detailed information indicates that the system will spread." We are told that:

"Bankers who are familiar with the small-loan plan, either through having operated it or from contact with its machinery, say that the financial risk of losses under a properly safeguarded system is small. The real difficulty will arise in handling routine details. The profits will be small.

"On the other hand, it is the contention of bankers who look ahead that the small-loan features will go far in establishing contacts between financial institutions and the public at large which will be of the utmost value to both interests. Bankers looking beyond the human phase of the question agree that the satisfaction of the small-loan demand will do much to remove hostile criticism that bankers are indifferent to any but wealthy interests."

Since our commercial banks have been extending their functions by competing with savings banks and various types of investment houses, it seems to the New York *Journal of Commerce* that "there is no logical reason why they should not continue the metamorphosis thus begun by entering the field of consumptive lending":

"The fact is that indirectly the commercial banks already have acquired an

INDUSTRIAL LENDERS NEWS

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NATIONAL OFFICERS, 1927-1928.

President, F. L. Thompson, 8-11 Farmers National Bank Bldg., Shelbyville, Ind.
Vice-President, G. J. Badger, 40 Journal Square Bank Bldg., Jersey City, N. J.
Treasurer, T. J. Harrison, Riviera Theatre Bldg., Waterloo, Iowa.
Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

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Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.
Finance, W. P. Woll, 360 N. Michigan Ave., Chicago.
Law, F. R. Hubachek, Esq., 650 Baker Bldg., Minneapolis, Minn.
Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.
Publicity, L. K. Osborne, 1506 Buckeye Bldg., Columbus, O.
Membership, W. S. Herron, 404 Denckla Bldg., Philadelphia.
Vigilance, A. H. Williams, 360 N. Michigan Ave., Chicago.

NATIONAL COUNCIL

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Va.—J. E. Burnett, 119 N. 3rd St., Richmond.
W. Va.—A. H. Knox, 370½ Market St., Parkersburg.
Wis.—P. J. Koehler, 331 North Ave., Milwaukee.

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Fla.—J. R. Standring, 308 Tampa Theater Bldg., Tampa.
Ga.—C. A. Dismer, 208 Georgia Saving Bank Bldg., Atlanta.
Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—A. H. Werner, 203 Shops Bldg., Des Moines.
Me.—T. M. Fitzgibbons, 209 Clapp Bldg , Portland.
Md.—E. M. Garren, 331 Equitable Bldg., Baltimore.
Mass.—D. J. Cote, 552 Mass. Ave., Cambridge.
Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.
N. H.—E. F. Hurd, 71 West Pearl St., Nashua.
N. J.—V. L. Buchman, Wilkinson Bldg., Trenton.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—W. S. Herron, 404 Denckla Bldg., Philadelphia.
R. I.—E. La Gueux, 76 Dorrance St., Providence.
Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.
Va.—L. E. Pope, 209 E. Grace St., Richmond.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.
Wis.—G. A. Kehr, 405 Bartlett Bldg., Milwaukee

immense stake in that particular kind of consumptive loan represented by installment buying. Although the banks are not as a rule directly exposed to loss from unwise lending to persons who borrow to satisfy their immediate non-productive needs, the volume of credit growing out of installment buying and the frequent lack of scrutiny of the character of the ultimate borrowers make the indirect risks incurred considerable. So far as any individual bank is concerned, on the other hand, direct personal loans can probably be made with slight danger of loss if irresponsible and extravagant would-be customers are consistently eliminated. The requirement that three signatures be furnished will, of course, afford a large protection.

"If, therefore, the experiment initiated by the City Bank makes it possible for loans in any case unavoidable to be obtained by responsible borrowers at rates that yield only a decent profit to the lender, the community as a whole will benefit. If, on the contrary, this departure should stimulate emulation by other commercial banks on an extended scale, there is an ever-present possibility that competition in obtaining custom for the personal loan department may convert what ought to be emergency credits into regular reliance upon consumptive credit as a means of supplementing income, though this is not likely under the safeguards announced by the City Bank."

Examining the National City's plan, the Brooklyn *Eagle* concludes that:

"The bank is adequately protected if it looks closely into the responsibility of the 'co-makers' of the note. In effect it simply transfers to these 'co-makers' the scrutiny into John Doe's character, his record, and the reality of the emergency that makes a loan reasonable."—*The Literary Digest,* May 19, 1928.

MICHIGAN

The twelfth semi-annual meeting of the Michigan Industrial Lenders Association was held at The Hotel Olds, Lansing, Mich., Thursday, April 20th. There were seventy-nine present, including B. E. Henderson, E. R. Klein, C. B. Liggett, C. C. Woodley from out of state, and Ralph Clench, our examiner from the State Banking Department.

Our eminent chairman, Norman Buckner, ceremoniously dispensed with the regular business before luncheon in order to devote the entire afternoon to the question box, new business, and discussing plans for the National Convention to be held at Grand Rapids in September.

At a former meeting the question was raised whether or not it is lawful to have one of the mortgagors sign papers at the house. The following ruling from the Attorney General was read by Mr. Clench of the State Banking Department: "It is lawful for either of the mortgagors to sign papers at any place other than the location designated by the license, providing the papers are filled in, and the loan is consumated at the place of business designated by the license."

This Association went on record as being unanimously in favor of coöperating with the Better Business Bureaus in eliminating misleading statements from all advertisements such as "strictly confidential," "private," "no one knows but you and I," and etc.

The plans for the National Convention are progressing nicely, and from all indications you can look forward to September with great anticipation for a good time, because when that Grand Rapids bunch gets their heads together they make something besides wooden furniture. A tentative program will be ready within a short time.

The question box as every one knows affords us plenty of topics both serious and humorous. We all had a good laugh when someone asked the question "How to get business when there ain't any." Although this question was probably asked for fun, it caused a very interesting discussion on advertising which terminated with a very constructive and educational talk on all kinds of advertising by Bill McCullough of the McCullough Printing Company, Indianapolis, Ind.

The meeting adjourned in time for the banquet at which C. B. Liggett, our dapper little friend from Dayton, presided as toastmaster, and we will have to say that as a loan man he is also a good story teller.

When it comes to making speeches, you know, a great many of us become unwilling subjects of the Darwinian theory we just get up and ape around and say nothing, but Frank S. Whaler is an excellent exception to the above statement, for at the banquet, although unprepared, he gave a very good talk when asked to say a few words by the toastmaster.

The principal speaker of the evening was Thos. A. Lawler, attorney of Lansing, who talked on "Organization, Implied and Applied." The balance of the evening was turned over to the entertainment committee.

And last, but not least, if you want to have a g—d (grand) good time go to G—d Rapids next September.

W. G. Stevens, *Sec.*

OHIO

Springfield, Ohio, May 17, 1928.

O. I. L. A. Bulletin No. 20

You will recall that under date of February 19, 1927, the secretary's office forwarded you Bulletin No. 16 setting forth the opinion of Judge Alexander of the Municipal Court of Cincinnati.

In a very similar case reported below, the Supreme Court of Ohio has made practically the same holding.

It would be well for you to turn to page 23 of your copy of the *Survey* and make a memorandum referring to Bulletins 16 and 20.

J. Fred Anderson, *Secretary.*

American Laundry Machine Co.
vs.
Daneman et al., No. 20,703

Supreme Court of Ohio. April 11, 1928.

Error to Court of Appeals, Hamilton County.

Action by Emanuel Daneman and others, doing business as the Spencer Jewelry Company, against the American Laundry Machinery Company. Judgment for plaintiff by the Court of Appeals (160 N. E.—), and defendant brings error. Affirmed.

Joseph R. Rohrer, Gatch, McLaughlin & Gatch, and Robert P. Kleinmann, all of Cincinnati, for plaintiff in error.

H. Henry Sundermann, of Cincinnati, for defendants in error.

Per Curiam. Edward Murphy, on July 19, 1924, being then an employee of the American Laundry Machinery Company, bought on credit from the Spencer Jewelry Company a diamond ring at a price of $137.83. He on that date executed an instrument whereby he assigned to the Spencer Jewelry Company fifty per cent of the wages due, or which might thereafter within the period of 36 weeks from said date, or until his indebtedness to the Spencer Jewelry Company was paid, become due, from the American Laundry Machinery Company. Said instrument purported to authorize and direct said American Laundry Machinery Company, or any other company, firm, or corporation who might be his employer, upon such assignment or copy thereof being filed with them, to pay to the Spencer Jewelry Company or order fifty per cent of the wages or salary due or to become due according to said assignment until the amount stated should be fully paid.

Murphy made three payments of $8 each on said indebtedness. The jewelry company, on December 1, 1924, filed with the laundry machinery company said assignment, but the latter company refused to withhold any part of the wages of Murphy or pay the same to the jewelry company. Murphy left the ring on the counter of the jewelry company, but they refused to accept the same in satisfaction of their claim; but held it as bailee.

Murphy was employed by the laundry machinery company for a period greater than 36 weeks from the date of the assignment, and fifty per cent of his wages from December 1, 1924, to the expiration of the 36 weeks amounted to more than $113.83.

This action was brought by the jewelry company against the laundry machinery company to recover from the latter the balance due the former upon its claim against Murphy, $113.83.

[1] "Assignment of wages to be earned in the future under an existing employment is valid." Rodijkeit v. Andrews, 74 Ohio St. 104, 77 N. E. 747, 5 L. R. A. (N. S.) 564, 6 Ann. Cas. 761.

[2] At the time of the rendition of that decision, there was no statute either forbidding or limiting the assignment of wages. By reason of the provision of section 6346—12, General Code (110 O. L., 209), effective July 19, 1923, a valid assignment may now be made of not more than 50 per cent of the personal earnings of the assignor. The assignment involved in this controversy was for 50 per cent of the assignor's personal earnings. As prior to the enactment of that statute assignment could have been made of the entire claim without the acceptance of the employer, so, now, clearly, under the manifest provisions of the statute, the portion of the wages which is specifically authorized to be assigned may validly be transferred without the acceptance of the employer. Any other view would practically deny the right of assignment of even the portion of the wages specifically authorized to be assigned, and certainly would be contrary to the very intent and purpose of the statute.

No question of the deprivation of a constitutional right is presented by the statute as thus construed.

Judgment affirmed.

Marshall, C. J., and Day, Allen, Robinson, Jones, and Matthias, JJ., concur.

BORROWER WINS LOAN CASE

A Negro laborer who testified that he had paid $61.20 in "renewal charges" on a note for $15, in defense against a suit for the original $15, won a verdict for the amount of the money he had paid from a jury in Municipal Court under Judge T. O. Hathcock today.

Elbert Dawson, a Negro employee of a cotton mill, was sued for the amount of the note by J. L. Morgan. It was testified that Dawson obtained the money from the Emory Security Company upon Morgan's endorsement, for which Morgan charged him $3.40. Eighteen times the note was renewed, it was testified, with a charge of $3.40 upon each renewal of Morgan's endorsement.

Dawson's lawyers, J. L. R. Boyd, special counsel of the Atlanta Legal Aid Society, and O. J. Bundy, charged that this arrangement constituted usurious loan of credit in the term of the small loan law of Georgia.—*Atlanta Journal*, May 10, 1928.

NOTICE

The Annual Meeting and Outing of the New Jersey Industrial Lenders Association will be at Tory's Hotel and Restaurant, corner South Broadway and Ocean Avenue, Long Branch, New Jersey, on June 7, 1928.

The meeting is of special importance to every member and you are urged to be present at 10:30 a. m. as the meeting will start promptly at this hour.

Walter S. Buswell, Chairman of the Entertainment Committee, will furnish you with further details regarding the outing. Trusting that you will respond promptly in cooperating with the membership committee for a successful meeting.

Chapter 49 Laws of 1914 Amended

Note.—The words in italics are the additional words added to the act.

Section 5. Last sentence in this section in the amended act reads as follows: "No loan or advancement greater than three hundred ($300) dollars shall be made to any person *under this act,* nor shall any one person owe such licensee more than three hundred ($300) dollars at any time *either directly as maker or indirectly as endorser or guarantor.*"

Section 8 of this act has the additional words added to the last part of the last sentence as follows: *"nor to any loan greater in principal sum than three hundred ($300) dollars.*

This act shall take effect immediately. The chairman or secretary will be glad to answer any questions pertaining to the amendment at the June meeting.

Respectfully submitted by the

New Jersey Industrial Lenders Association.

J. C. Van Horn, Chairman;
Vernon L. Buchman, Secretary.

PENNSYLVANIA

A quarterly meeting of the P. I. L. A. was held in the ballroom of the Penn Alto Hotel in Altoona, Pa., on Wednesday, May 9, 1928.

The meeting was called to order by the chairman, J. G. Bachofer, at 10:30 a. m., with 36 members present.

Upon motion of Mr. Herron, seconded by Mr. Hartman, the roll call was dispensed with.

Upon motion of Mr. Ezekiel, seconded by Mr. Loupe, the treasurer's report was received and ordered spread on minutes.

Secretary's Report

To the Chairman, Officers and Members of P. I. L. A.:

Your secretary submits the following as his report since our last meeting held in January, 1928:

Present membership	175
Members dues paid to June 30, 1928	165
Members delinquent to June, 1928	10

Respectfully submitted,
W. S. Herron, *Secretary.*

DO YOU KNOW (?)

— that the quickest way to collect your skip accounts known to be located in the metropolitan area of New York City, Brooklyn, Long Island, Jersey City and vicinity, is to send us the papers and watch us get results.

— that our collectors are trained in the practice and procedure of small loan collection and are, therefore, thoroughly experienced.

— that we give you prompt service and furnish you with periodic progress reports.

— that if we are unable to make a collection no charge is made.

— that it would pay you to write today for information concerning our service and rates.

FREDERICK FISCHER COMPANY, Inc.

Court Square Building, 2 Lafayette Street, New York City.

Upon motion of Mr. Watts, seconded by Mr. Kehr, the report of secretary was received and spread upon the minutes.

REPORTS OF STANDING COMMITTEES

Executive Committee

Mr. Watts reported that the Executive Committee recommended the following:

1. The investment of $2,500 of the surplus funds of the Association into easily convertible securities.

2. The cost of the annual meetings to the Association to be limited to $1,000.

3. That the A. I. L. A. Convention Committee be given $100 for preliminary expenses.

4. It was recommended that the Association hold their meetings quarterly on the second Wednesday of every third month, starting with the annual meeting in November.

5. That the practice of giving donations to the various drives of local charities and institutions be discontinued unless it be of a state or national character.

6. That the Association dispense with the services of Mr. Woods at our next annual meeting.

7. The Vigilance Committee chairman be given the appropriation of $100 to use as he deems advisable.

Upon motion of Mr. Herron, and seconded by Mr. Moss, the report was received and ordered spread on the minutes.

Membership Committee

Chairman Mr. Moss reported sending letters to all new licensees and that he has seven new applications for today.

Upon motion of Mr. Curry, seconded by Mr. Watts, the report was ordered received and spread on minutes.

W. S. Herron, Chairman of the Vigilance Committee, gave a very interesting report of the activities of his committee which upon motion of Mr. Moss, seconded by Mr. Loupe, was received with thanks.

Convention Committee

Chairman Mr. Hart reported he has contacted Chamber of Commerce and they will work with him whole-heartedly and will go so far as to have a field man on the job during the convention.

Upon motion of Mr. Watts, seconded by Mr. Herron, the report was received, and at this time the meeting adjourned for luncheon, when we were addressed by the following persons:

C. E. Torrance, past president of the Altoona Chamber of Commerce, who was introduced by Mr. Watts and gave us a very warm invitation to meet at Altoona again.

D. Lloyd Claycomb, Esq., gave a very interesting talk on Service, which was immensely enjoyed by all, after which a rising vote of thanks was tendered both Mr. Torrance and Mr. Claycomb.

NEW BUSINESS

Upon motion of Mr. Hart, seconded by Mr. Kehr, the chairman, secretary and treasurer were authorized to invest $2,500 of the Association's funds in some marketable collateral after the dues for the July period start coming in and then consult with Attorney Albert Hanby as to the best way to do so for the protection of the Association.

Upon motion of Mr. Hart, seconded by Mr. Millard, $1,000 was ordered donated for use of the Entertainment Committee at the annual meeting in November.

Upon motion of Mr. Watts, seconded by Mr. Curry, it was ordered that $100 be appropriated to the Chairman of the Convention Committee for the purpose of bringing the 1929 A. I. L. A. Convention to Philadelphia.

Upon motion of Mr. Curry, seconded by Mr. Hartman, it was recommended that the Association hold quarterly meetings on the second Wednesday of every third month, starting with November.

Upon motion of Mr. Loupe, seconded by Mr. Hart, the Association voted to discontinue all donations except for national or state drives.

Upon motion of Mr. Millard, seconded by Mr. Moss, the Association recommended dispensing with the services of Mr. Woods for publicity work at our annual meeting.

Upon motion of Mr. Moss, seconded by Mr. Ezekiel, the Association ordered a donation of $1,000 to the A. I. L. A.

Upon motion of Mr. Loupe, seconded by Mr. Curry, the Association donated $100 to the Vigilance Committee to be used in their work.

Upon motion of Mr. Watts, seconded by Mr. Ezekiel, the Association recommended holding the next meeting in Reading on Wednesday, August 8th.

Upon motion of Mr. Watts, seconded by Mr. Hart, the secretary was instructed to write a letter of condolence to the families of George Rudolph and George Lobb, who departed this life since our last meeting, to be signed by the chairman and secretary, and a page in our minutes be given unto them.

Upon motion of Mr. Watts, seconded by Mr. Hart, the matter of the program for the National Convention was referred to the secretary with power to act.

NEW MEMBERS

Upon motion of Mr. Herron, seconded by Mr. Moss, the following applications were approved:

Sherman Finance Co., 2239 N. Front St., Philadelphia, Pa.

Community Finance Service, Inc., 5 W. Chelten Ave., Philadelphia, Pa.

Personal Finance Co. of Coatesville, 231 Main St., Coatesville, Pa.

Personal Finance Co. of Charleroi, Collins Bldg., Charleroi, Pa.

Personal Finance Co. of Oil City, Seneca and Center Sts., Oil City, Pa.

Personal Finance Co. of Butler, 508 Butler Co. Natl. Bank Bldg., Butler, Pa.

Upon motion of Mr. Watts, seconded by Mr. Loupe, the resignation of Mrs. M. M. Stewart of Philadelphia was accepted.

Upon motion of Mr. Herron, seconded by Mr. Watts, the Prudential Loan and Savings Soc., 306 City Center Bldg., was ordered dropped from membership.

Upon motion of Mr. Watts, seconded by Mr. Hart, the application of the Public Service Finance Co., 327 Walnut St., was referred to the Executive Committee with full power to act.

Dr. M. R. Neifeld, statistician of the Beneficial Operating Bureau, gave a most interesting talk with blackboard illustration on "The Value of Knowing Your Business." Anyone who is interested in the loan business missed a wonderful opportunity by not hearing this talk.

Elwood S. Raugh of Altoona gave us a very interesting talk and statistics on "Economic Conditions As They Exist in Altoona."

A rising vote of thanks was tendered both Mr. Raugh and Dr. Neifeld for their interesting talks.

Upon motion duly made and seconded, the meeting adjourned at 3:30 p. m.

W. S. HERRON, *Secretary.*

WANTED, ENDORSEMENTS

Dr. Ryan's book, "Usury and Usury Laws," is selling so well that we want to publish some personal comments and endorsements by executives in the Small Loan Business.

We therefore invite all executives who have read the book to write in to us what they think of the book. We want to use a series of short excerpts from loan men, preferably expressions of opinion about 15 to 20 or 25 words in lengths.

Address: The Editor

INDUSTRIAL LENDERS NEWS,

P. O. Box 778, Harrisburg, Pa.

WEST VIRGINIA

The regular meeting of the West Virginia Industrial Lenders Association was held in Huntington, Friday, May 11th, at the Hotel Pritchard. There were 23 members present and the meeting was presided over by Vice-Chairman H. L. White of Wheeling.

The secretary read the minutes of the last meeting and reported a membership of thirty, five delinquent in dues, and twenty-five paid to date.

The treasurer reported $466 cash on hands and all bills paid.

The publicity committee reported that no definite plan had been worked out as yet, and that to date no adverse newspaper criticism had appeared.

A slight objection was made with reference to holding four meetings a year instead of only two. Three or four members were of the opinion that it might have a tendency to decrease attendance. That some of the other states had tried out the four meetings a year schedule and found it not altogether satisfactory. It was decided however to carry the question over until the next meeting, at which time the matter would be taken up and disposed of.

The secretary read a letter from the National Secretary with reference to an immediate contribution to the National Association Vigilance Committee. This question was thoroughly discussed and it was decided that the Association funds were low at this time, that it would be best not to withdraw any funds from the treasury at this time, as some local problems were pending which might require what available sums the Association has on hand.

Under the nomination for delegate to National Convention at Grand Rapids, Mich., September 19th to 21st, W. P. Gore was elected delegate to represent the West Virginia Association. A. M. Arthur of Huntington was elected alternate.

The afternoon session was given over to open discussion and several very important points were brought out.

It was decided to hold the next meeting in Charleston, Friday, August 10, 1928.

There being no further business before the convention, the meeting was adjourned. WM. B. GRIMES, *Secretary.*

RHODE ISLAND

The regular quarterly and annual meeting of the Rhode Island Industrial Lenders Association took place on April 19, 1928, at 7:30 p. m. at the Biltmore Hotel, Providence, R. I.

George Rich acted as chairman.

The minutes of the previous meeting were accepted as distributed. The secretary then called the roll with fifteen members responding.

The treasurer read his report. Upon motion made by Mr. McGray, seconded by Mr. Findlay, his report was accepted.

The secretary in his report stated the Association consisted of 25 members and named amount received from dues, as well as from special assessments. Motion was made to accept, seconded and passed.

A special committee consisting of Messrs. Rich and Findlay, delegated to contact delinquent members, rendered their report. It was accepted with thanks and committee was discharged.

The secretary read a letter received from the National Secretary, G. W. Kehr, asking for suggestions for National Convention program, also calling for volunteers to prepare a paper on some appropriate subject to be read at the business sessions of the above convention.

A copy of a recent Indiana Court decision was read and motion was approved to send a copy of same to Association attorney.

Motion was made to pay cost of printing new laws and secretary was instructed to draw upon treasurer for amount of bill.

Member J. C. Cote being sick, motion to send a basket of flowers was approved. Messrs. Delaney and Rock were chosen to represent Association in this matter.

The application of the National Loan Company of Woonsocket was approved and they were duly elected to membership.

A nominating committee was chosen to make up a slate of officers for the year. The chair appointed Messrs. Delaney, Zimmerman, Lewis, Morey and Pomfret to this committee. After a recess of a few minutes they reported as follows:

Chairman, Harry G. Neal.
Vice-Chairman, Arthur Pomfret.
Treasurer, Charles C. Rock.
Secretary, E. La Gueux.

To serve on the Executive Committee along with the above officers, Messrs. George Rich, W. A. Winters, and R. W. McDonald were chosen.

Motion was made and seconded to approve the nomination committee's recommendations and the above members were unanimously elected to serve in their respective offices for one year.

A rising vote of thanks was given to the retiring officers for their good work during the past year.

The newly elected vice-chairman, Pomfret, then was escorted to the chair and the first business to come up was the naming of a delegate to represent us at the National Convention. Chairman Harry G. Neal was unanimously chosen with instructions for him to choose his own alternate.

There being no further business the meeting adjourned. E. LA GUEUX.

NOTICE

At the meeting of the National Executive Committee held in New York, April 24, 1928, the secretary was directed to notify all members in the A. I. L. A. to pay dues for all of their offices as provided in the following articles of the Constitution and By-Laws adopted in Indianapolis, Sept. 15, 1927.

ARTICLE III

MEMBERS AND MEMBERSHIPS

1. All persons, firms and corporations engaging in the business of making small loans under regulatory laws, or favoring laws approved by this Association, shall be eligible to regular membership in this association; any regular member who is so engaged in business in more than one loan office shall be eligible to one regular membership for each such office and shall be required to apply for one membership and pay the dues thereon for each such office.

ARTICLE V

DUES

1. The annual dues per membership for each regular member shall be the sum of 35 cents per thousand of average loan balances outstanding during the preceding calendar year, provided that such dues shall not be less than five dollars.

It was reported to the Committee that a number of members were not taking out and paying dues for membership for all the offices owned or controlled by them and that some members were not remitting as much for their offices as the Constitution requires.

The Committee's attention was drawn to the fact that dues under the present plan have not brought in sufficient revenue to adequately carry on the work of the Association and were it not for the fact that a number of chain organizations and individuals contributed more than their constitutional requirements, the A. I. L. A. would be confronted at this time with a substantial deficit.

To carry the work along which the Executive Committee believes important, until the next convention, when the subject of dues will come up for further consideration, the secretary was directed to request contributions from the State Associations. To this SOS, the Illinois, Indiana, Pennsylvania, and Wisconsin Associations promptly responded, and the secretary is in receipt of letters from other State Associations which promise contributions later on.

NEW MEMBERS

Add the following to your 1927 Year Book membership directory:

A. B. C. Loan & Investment Co., 311 Industrial Bank Bldg., Grand Rapids, Mich.; Ann Arbor Finance Co., Room 8 Brooks Bldg., Ann Arbor, Mich.; Baldy Finance Co., 2nd floor Central Bldg., Everett, Wash.; The Citizens Finance Co., 43 W. Long St., Columbus, Ohio; Service Loan Co., 11410 E. Jefferson Ave., Detroit, Mich.; Phœnix Finance Co., 34 State St., Hartford, Conn.; Charlotte Used Car Exchange, 10 W. First St., Charlotte, N. C.; Surety Finance Co., 6 N. 2nd St., Yakima, Wash.; Roan Loan & Security Corporation, 137 E. State St., Trenton, N. J.; Personal Finance Co., 210 Main St., Hackensack, N. J.; Personal Finance Co., 354 Main St., E. Orange, N. J.; Personal Finance Co., 704 Main Ave., Passaic, N. J.; Beneficial Loan Society, 201 Union Bldg., Plainfield, N. J.; Interstate Service Corporation, 12 Centre Square, Easton, Pa.; Economy Finance Co., 519 Ridgel-Farmers Bank Bldg., Springfield, Ill.; Continental Finance Corporation, 818 Hamilton St., Allentown, Pa.; Continental Finance Corporation, 855 E. Allegheny Ave., Philadelphia, Pa.; Personal Finance Co., 50 N. Main St., Pittston, Pa.; Personal Finance Co., 814 Braddock Ave., Braddock, Pa.; Personal Finance Co., 214 Smith St., Perth Amboy, N. J.; Continental Finance Corporation, 40 Journal Square, Jersey City, N. J.; Continental Finance Corporation, 16-22 W. Palisade Ave., Englewood, N. J.; Personal Finance Co., 15 Broad St., Bloomfield, N. J.; Personal Finance Co., 312 Holland Bldg., Springfield, Mo.; American Loan Co., 209 Continental Bldg., Kansas City, Mo.; Personal Finance Co., 32 Franklin St., Worcester, Mass.; Personal Finance

Co., 105 W. Sycamore St., Kokomo, Ind.; Personal Finance Co., 1608A Fifth Ave., Moline, Ill.; Personal Finance Co., 435 Missouri Ave., E. St. Louis, Ill.; Personal Finance Co., 508 Maine St., Quincy, Ill.; Broadway Finance Corp., 220 Broadway, Long Branch, N. J.; Personal Finance Co., 919 N. 8th St., Sheboygan, Wis.; Personal Finance Co., 227 Cherry St., Green Bay, Wis.; Personal Finance Co., 5710 Sixth Ave., Kenosha, Wis.; American Loan Co., 423 Main St., Racine, Wis.; Beneficial Loan Society, 158 Main St., Oshkosh, Wis.; American Loan Co., 111 King St., Madison, Wis.; Beneficial Loan Society, N. W. Cor. State & Moore Sts., Bristol, Va.

IMPRESSIONS OF TWO OF OUR DELEGATES AT THE NATIONAL CHAMBER OF COMMERCE MEETING

On May 7th to 11th I attended, as a sub-delegate, the Annual Convention of the United States Chamber of Commerce, held at Washington, D. C. My observation may be of interest to the members of the A. I. L. A.

I am firmly convinced that the A. I. L. A. is missing an excellent and vital opportunity to enhance the position of the licensed lender and to educate the business and general public to the economic value of our business by not taking a more lively and active interest in their local Chamber of Commerce and through them, the United States Chamber of Commerce.

You will find, upon investigation, that these Chambers of Commerce are willing and anxious to meet us more than half way and would be only too glad to have us actively identified with them that we might be more sympathetically in touch with problems outside but relevant to our business and "outside" interests more familiar with us. My thoughts in this were substantiated by my recent experience at this convention of the United States Chamber of Commerce.

Because of the fact that licensed lenders have taken no active part in United States Chamber of Commerce affairs, there was not one single address or discussion in which the comparatively few A. I. L. A. delegates could participate. When "Finance" was discussed, it applied to banking on a large scale. Where "Credits" were concerned the subject applied to foreign credits. Not once was the vital question of credit to non-bank borrowers—the 85% serviced by licensed lenders—mentioned. This, by no means, indicates a lack of interest in our business on the part of the National Chamber. On the contrary, the Chamber *is* interested in our business and its problems. A visit to the library of the organization proved this beyond a shadow of doubt.

I had the pleasure, on Wednesday, May 9th, of inspecting the United States Chamber of Commerce Library under the expert guidance of their librarian, Miss B. V. Drake. I was pleasantly surprised, in going through the Industrial Lenders file of the library, to find complete files of the LENDERS NEWS, the A. I. L. A. Year Book, etc.

Further, I was amazed at the intimate knowledge Miss Drake had of our publications and the apparent interest she had in completing the Industrial Lenders' file. She informed me that she read the LENDERS NEWS regularly and when I told her about Winton Ryan's book "Usury and Usury Laws," she immediately asked that the library be furnished with a copy. The same applied to the recent "Survey of the Indiana Association." Through the courtesy of the American Industrial Lenders Association and the Indiana Industrial Lenders Association and by the prompt action of their respective secretaries, the United States Chamber of Commerce now has copies of both publications as well as a copy of the "Survey of the Laws of Ohio Pertaining to the Small Loan Business."

The meeting of the United States Chamber of Commerce convinced me that these men are sincere in their interests in all phases of business ethics and that their conventions are something more serious and constructive than mere "get-together" meetings—they are real business gatherings for the purpose of discussing and bettering all lines of business. That ours was not one to be constructively discussed is no fault of the chamber but simply the result of the lethargic interest which the A. I. L. A., through its members, takes in the United States Chamber of Commerce activities.

I believe that our business could and should be discussed—for our own good—

(Concluded on page 8.)

"THE $100,000 BOOK"

USURY AND USURY LAWS

By FRANKLIN W. RYAN
Vice-President
National Cash Credit Corporation

QUESTIONS ANSWERED IN THIS BOOK

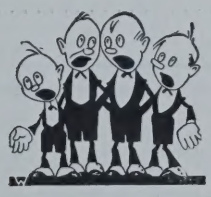
How Loan Sharks originated ..... pp 127-128
How they can be eliminated ..... Chapter 15
What states have gotten rid of them ..... p 230
Why usury laws have failed ..... p 77, p. 129
Why usury laws remain in 43 states ..... p 79
Why farmers want usury laws ..... Chapter 12
Why the colonies had usury laws ..... pp 25-26
Why the Jews prohibited interest ..... p 39
Best ways to evade usury laws ..... Chapter 13
Why Untermyer wants law repealed ..... pp 118-119
Why ancient Babylon had no usury laws ..... p 38
Why Loan Sharks still operate ..... Chapter 15
Why England repealed her usury laws ..... p 57
Why country bankers break usury laws ..... p 116
Why business wants usury laws repealed ..... p 5
Why most usury laws are six per cent ..... Chapter 12
Why western states have ten per cent ..... Chapter 12
Why corporations cannot plead usury ..... p 60
Why Massachusetts has no usury law ..... p 60
Why pawnbrokers are not real Loan Sharks ..... p 137
Why courts recognize moral usury ..... pp 16-17
Will non-price-fixing laws work? ..... Chapter 14
What constitutes statutory usury ..... p 22
Why usury law is sound in theory ..... pp 79-80
How to make usury laws inoperative ..... p 60

Order This Book for $2.50 Postpaid

American Industrial Lenders Association
P. O. Box 778 Harrisburg, Pa.

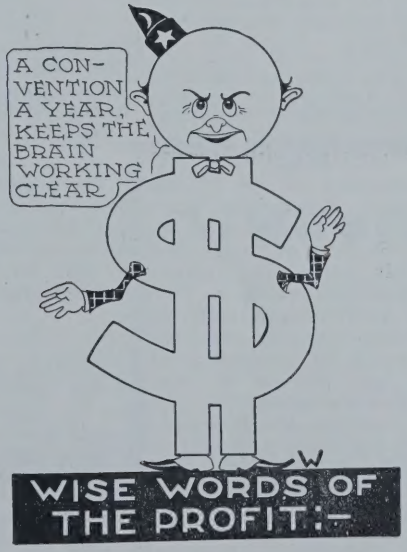
At Grand Rapids Michigan
September 19, 20 and 21, 1928

WHERE
GOOD FELLOWS
WILL GET TOGETHER



AND
THE DEAD ONES WILL
STAY AT HOME

WATCH
FOR THE
SNAPPY
PROGRAM
SOON
TO BE
ANNOUNCED



Spend Your Vacation Here

Michigan Favored land, invites you to share the gifts which nature has lavished upon it. The Grand Rapids Industrial Lenders Association gives you a special welcome, for it feels that here you will find that which you seek in recreation and rest and recuperation.

Grand Rapids Industrial Lenders Association

620 Grand Rapids National Bank Building

REGISTER NOW!

FOR

THE FOURTEENTH ANNUAL CONVENTION

FILL IN THE REGISTRATION BLANK

Mail to A. B. CADWALLADER, Chairman of Registration, 312 Industrial Bank Bldg.

REGISTER AS FOLLOWS:

Date .....

Name of Person .....

Firm Name .....

Address: City ..... State .....

Guests Accompanying .....

State Number

HOTEL RESERVATIONS

Pantlind Hotel

WITH PRIVATE BATH	WITHOUT PRIVATE BATH
Single—$2.25 to $4.50	Single—$2.25 to $2.50
Double—$4.50 to $6.00	Double—$4.50

Reserve Single Room ..... Double ..... Rate .....

Will Arrive ..... Signed .....

IMPRESSIONS OF TWO OF OUR DELEGATES AT THE NATIONAL CHAMBER OF COMMERCE MEETING

(Concluded from page 6.)

on the floor of the Annual Convention of the National Chamber. Whether it is included in future programs depends entirely upon us. We have men in our organization well able to tell our story on the convention floor and I believe it should be done.

I submit these observations to my fellow members with the appeal that a closer contact be maintained between the A. I. L. A. and this worth-while National Commerce body which works always for the good of business, in which ours in included.

WILLIAM YOUNG, *Vice-President, Community Finance Service.*

As one of the delegates for the American Industrial Lenders Association, I attended the Sixteenth Annual Meeting of the United States Chamber of Commerce.

I was greatly impressed with the activities of these men and their interest and information upon business and business policies. As you know, the keynote of the meeting was "Team Work for Prosperity." I do think that if th's idea could be carried through to the American Industrial Lenders Association, it would make the association worth much to the entire business and all persons would be greatly benefited.

JACKSON R. COLLINS, *Tax Counsel, Beneficial Operating Bureau.*

LOCAL EXCHANGES

PITTSBURGH, PA., MAY 3, 1928.

The regular monthly meeting of the Pittsburgh Industrial Lenders' Association was held in the Dutch-room of the Fort Pitt Hotel, Thursday evening, May 3, 1928, at 6:00 p. m.

After the dinner, which was arranged for by our C. F. Northart, the members were addressed by Arthur I. Zeiger, of the Lakeland Finance Company of Lakeland, Florida. Mr. Zeiger, who was one of the originators of the Florida Industrial Lenders Association, gave a splendid talk on his conception of the Industrial Loan Business of to-day, and his interesting talk was greatly appreciated by the Pittsburgh members. Mr. Zeiger, who is in Pittsburgh with the intention of locating here, expressed the hope that he would be a member of the Pittsburgh Association in the near future. After this interesting talk, Mr. Zeiger, and his associates, Mr. Gross and Mr. Windt, were introduced to the members of the Pittsburgh Association, and our chairman tendered the invitation to have them attend our meetings at any time.

The meeting was called to order by our chairman, Mr. Loupe, and upon motion made by Mr. Hartman and seconded by Mr. Marxsen, the minutes of the previous meeting were approved as d'stributed. On request of the chair, the roll call was dispensed with, there being twenty-one members and visitors present.

Upon motion made by Mr. Hartman, and seconded by Mr. Northart, the report of the treasurer was accepted and ordered spread on the minutes.

PUBLICITY COMMITTEE

Mr. Renner reported that no publicity had been obtained at the present time, but expressed the opinion that he expected to have a notice of our meetings published in the Pittsburgh papers hereafter.

SPECIAL COMMITTEE

The question of adopting uniform holidays was again taken up, and after considerable discussion, the secretary was requested to obtain a list of holidays adopted by the Pennsylvania State Association, and report at the next meeting.

NEW BUSINESS

Chairman Loupe addressed the meeting at this time in reference to members calling the Exchange Office on a number of names, and requesting immediate reports. This brought up a lengthy discussion of the matter of getting special reports, and a resolution was offered by Mr. Marxsen and seconded by Mr. Kent that special reports of new applications be limited to two telephone calls a day, also that the time for calling the Exchange Office on any telephone reports be changed from 10:00 a. m. to 11:30 a. m. This resolution was adopted by a majority vote, and the secretary was ordered to incorporate this resolution in the By-Laws of the Association.

Chairman Loupe at this time addressed the members, and expressed the desire to make the operation of the Exchange 100%. He also requested the members in all cases where names are sent through, other than husband and wife, to mark same either widow, son, or whatever the relationship should be. He also requested the members to obtain the first name of deceased husbands, also to mark all applications if colored. These requests, as Mr. Loupe explained, are made with the object in view of making the Exchange records perfect and enabling the operator to give as near as possible, the absolute correct information when a name is sent through the Exchange. Mr. Loupe also called the members attention, requesting all members to give complete and unbiased information on all accounts on which other members may call for information, and he requested that this coöperation would make for the betterment of the Exchange, also for the more efficient and satisfactory information from the operator.

No further business being before the Exchange at this time, Mr. Loupe called the members 'special attention to the State Meeting, to be held at Altoona on Wednesday, May 9th, and upon a request for a check-up by the secretary as to how many members of the Pittsburgh Association would be attending this meeting, Mr. Loupe expressed the hope that the fourteen members which signified their attendance, would be increased considerably and requested all members to advise the secretary, not later than Saturday of their intentions of attending this meeting. Mr. Loupe, having made special arrangements to obtain railroad tickets, hoped that this information would be in the hands of the secretary not later than Saturday, May 5th. No further business being before the Exchange at this time, the motion was made by Mr. McCartney, and seconded by Mr. Dornhoefer to adjourn.

A. H. Thale, *Secretary.*

EXECUTIVE TRAINING

Education in the Loan Business

The Industrial Lenders Technical Institute, Inc., of New York, recently took a forward step in the interest of education that is going to mean much for the future of the small loan business. In conjunction with the Beneficial Operating Bureau, Inc., of New York City, they conducted the first attendance course of the small loan business. Actually, it was a course in executive training for supervisors of the Beneficial Operating Bureau, Inc.

One assistant supervisor of each of the five departments of the latter organization remained at their headquarters in New York City.

The students were: Mr. Robert S. Kreps, of the Eastern Department; Mr. Frank A. Reed, of the Northern Department; Mr. Frank C. Hallowell, of the Western Department; Mr. Paul C. Hess, of the Southern Department, and Mr. Martin F. Snyder, of the Central Department.

Education, as such, has assumed an entirely new phase in recent years. Mass education in the grammar schools, the high schools, and the colleges serves its purposes in preparing the student for later development. This form of education lays the ground work upon which technical growth is later constructed. The fallacy of it has been, however, that the individual has been left to himself in constructing this technical education. Modern tendencies, therefore, to speed up matters and increase the worker's efficiency much more rapidly than is possible through individual constructiveness introduced what is known as industrial education.

It was as a step in this form of education, therefore, that the Beneficial Operating Bureau, Inc., requested the Industrial Lenders Technical Institute, Inc., to draw up an educational program to speed up the development of their Supervisory Staff. The preparation and operation of the "Executive Course" as it is called is the keynote of the educational program they have arranged. This Executive Course consisted of a series of lectures delivered by the officers and Executives of the Headquarters Staff of the Beneficial Operating Bureau, Inc. These lectures covered such fields as: Management, Teaching, Collection, Credit, Advertising, Law, Statistics, Insurance, Personnel, Business English and Banking. Every hour a different executive delivered his material so that although the classes ranged from 9 o'clock in the morning until 5 o'clock at night, the students were enabled to keep their interest at high pitch. The executives presented their material not necessarily in strict application to the supervisor's daily work but rather in abstract form at first so that a background of the subject being discussed was built up. Against this then towards the end of the lecture the executive linked together the supervisor's work and the topic being discussed. Narrowness was avoided in order that the men might be given as broad a view as possible of every phase of executive work.

The students greatly enjoyed this Executive Course and expressed their appreciation for having been selected as the first students to take it. The Beneficial Operating Bureau, Inc., is very well pleased with the results of the course and contemplate holding it regularly in the future for the more rapid development of the efficiency of the men and those qualities making for progress upward.

MARYLAND

The annual meeting of the Maryland Industrial Lenders Association was called to order promptly at 2 p. m., May 15th, in the Blue Room of the Emerson Hotel. The chairman, C. A. Gardner, presided. There were 28 present at this meeting representing the following offices:

American Loan Company, American Small Loan Company, Atlas Loan Company, Beneficial Loan Society, Bonded Finance Company, City Finance Company, Commercial Service and Credit Company, Commercial Service and Credit Company, Cumberland; Commercial Service and Credit Company, Frederick; Commercial Service and Credit Company, Hagerstown; Community Finance Service, Inc., Community Finance Service, Inc., Hagerstown; Credit Service, Inc., Household Finance Corp., Household Finance Corp., Industrial Service Corp., Maryland Cash Credit Company, Maryland Cash Credit Company, Master Loan Service, Inc., Master Loan Service, Inc., Master Loan Service, Inc., Personal Finance Company of Baltimore; Personal Finance Company of Cumberland; Popular Finance Corp.

Upon motion duly seconded, the minutes of the previous meeting were approved as distributed. The secretary then read the minutes of the annual meeting held May 16, 1927.

Secretary's Report, May 15, 1928

To the officers and members of the Maryland Industrial Lenders Association.

I submit the following secretary's report for the year ending to-day:

Membership

May 15, 1927	37
New members this year	6
	43
Resignations and members suspended	7
Present membership	36

I would like to add at this time that while the above membership report makes it appear we have remained stationary for the year, when you stop to consider another Lenders Association was organ-

Owners of Loan Offices

The development of a system of Small Loan Offices throughout the Uniform Small Loan Law States, offers independent loan office operators an opportunity of joining the merger, or selling their offices.

Purchase will be made outright for cash, or for cash and securities.

Retention of present owners as executives is proposed under this plan.

The additional capital available will increase profits.

All replies will be kept strictly confidential.

Replies should be addressed to—

N. A. WHITFIELD

60 PARK PLACE **NEWARK, N. J.**

ized in this city, offering a whole year's membership for $10.00, we have done very well in holding our own. We have less dead wood in our membership now than we have had for several years.

FINANCES

As the treasurer, Mr. Baseman, has a complete report for the year, I will omit the finances of the association from my report.

Licensees in the state	70
Licensees in Baltimore city	57
Outside of Baltimore city	13

We have held nine meetings during the year with an average attendance of 59. The first out-of-town meeting of the association was held in Frederick, Maryland, February 13th, at the Francis Scott Key Hotel.

Before closing this report, I would like to take this opportunity to thank all of the members, and especially Mr. Mattingly for the whole-hearted way in which they have helped the secretary whenever necessary. It has indeed been a pleasure to serve you during the year.

Respectfully,
E. M. GARREN, *Secretary.*

Upon motion made by Mr. Mattingly, seconded by Mr. Hood, the secretary's report was approved as read.

TREASURER'S REPORT

Mr. Baseman reported:

Dues collected	$4,946.00
Disbursed	3,914.60
Balance on hand	$1,031.40

Upon motion made by Mr. Mattingly, seconded by Mr. Hood, the treasurer's report was approved as read.

VIGILANCE COMMITTEE

Mr. Chairman and Gentlemen:

It is very gratifying to me to be able to report that there has been no condition of any real importance which required the attention of the Vigilance Committee.

Several small cases were investigated: In one instance, a company operating in this city and confining their business entirely to the Real Estate Field had made a loan on furniture and placed same on record. The instrument, when examined, contained no interest stipulation, and was for the sum of Two Hundred Dollars ($200.00). Upon investigation, your chairman was very courteously received, it being explained that this was the only loan of its kind on their books and was made to refinance a home owner and thus keep him from losing his home. Their records which the writer was privileged to see, substantiated their claims.

Attention of this committee had been called to a certain condition existing in the Post Office, where it was stated that some postal employees were making loans in small sums, and were exacting a 10% fee each pay day. Upon investigation it was disclosed that loans were being made by a credit union, sanctioned by the postal authorities, and limited entirely to postal employees. The union operated on a coöperative basis.

The evil existing was due entirely to the fact that it was necessary to secure a postal employee to endorse the note in making a loan. The endorser exacted a fee for his services. The director of the Credit Union agreed that such a condition might exist, but it was very difficult to secure any information as to whether or not the endorser was being paid for his endorsement.

Recently the legal representative of a corporation having a vast number of employees in its service appeared before this association and went on record as to their attitude on the subject of the Salary Assignment.

In view of this fact a number of the local offices have discontinued doing business with their employees, which has resulted in a vast growth of the high rate evil within their organization—that is, employees who make loans to their fellow-employees at the 10% rate each pay day.

This committee interviewed the aforementioned legal representative who conceded that the situation spoken of was possible, but the only remedy that he thought could possibly be applied was to post bulletins notifying employees engaged in this practice that if they were apprehended they would be dismissed from the service, which, in the end, means very little.

Further than this Depoest sayeth not.

J. L. ROSENFIELD, *Chairman.*

Upon motion made by Mr. Mattingly, seconded by Mr. Garren, the report of the Vigilance Committee was approved as read.

Annual Report of Membership Chairman, Maryland Industrial Lenders Association for Year 1927-1928

Dear Mr. Chairman:

The Membership Committee which consisted of J. E. O'Neill, chairman; Mr. Rosenfield and Mr. Hood, have called on practically all of the non-members of the Maryland Industrial Lenders Association at some time during this year in an effort to secure their application for membership, and while there has been seven new applications passed on at the various meetings, there are still a number of non-members throughout the state whom we have not been successful in having them give us their applications.

It seems that when we call on them they agree that they should be members of this association but always tell us that at the present time they cannot see their way clear to join. I believe this is chiefly due to the dues that they would have to pay and just why they hold off joining this association for the matter of a few dollars we cannot understand, but I believe that if some fund could be raised which their dues could be paid from without costing them anything there would be no question about their applications for membership coming along.

We have two prospective members who postively say they will join at the first fall meeting, namely the Citizens Finance Service, St. Paul and Baltimore Streets, and the Eastern Loan and Finance Company, Eastern Avenue, and the others we are still working on hard and we hope to be able to get these lenders to join our association as soon as possible.

Yours respectfully,
J. E. O'NEILL, JR., *Chairman,*
Membership Committee.

Upon motion made by Mr. Mattingly, seconded by Mr. Hood, the report of the Membership Committee was approved as read.

EXECUTIVE COMMITTEE

Mr. Chairman and Members:

It is a pleasure for the chairman of the Executive Committee to make his report, because, he has nothing to say. The past year has been a quiet one and we hope a happy and prosperous one to all members of this splendid organization. We believe this Association to be the happiest of business associates that is organized to-day, serving a needful cause to the public and serving one another.

Respectfully submitted,
HOWARD T. MATTINGLY.

Upon motion made by Mr. Hougham, seconded by Mr. Baseman, the report of the Executive Committee was approved as read.

COMMUNICATIONS

The following letters were read by the secretary:

Maryland Industrial Lenders Association,
331 Equitable Building,
Baltimore, Maryland.

Attention—Mr. E. M. Garren, Secretary.
Gentlemen:

We are the recipients of the attached letter from the Hagerstown Chamber of Commerce which we will submit without comment other than that we sincerely trust that the organization can find it possible to accept this invitation.

We can assure you genuine hospitality and it will be quite a privilege for us to have you with us.

With kindest personal regards, I am
Yours very truly,
The Commercial Service & Credit Company.
EDGAR C. JONES, *Manager.*

May 7, 1928.

Mr. C. E. Jones, Manager,
Commercial Service & Credit Co.,
209 Arcade Building,
Hagerstown, Maryland.

Dear Mr. Jones:

Knowing the state organization of Industrial Lenders have been planning on holding some of their meetings outside of the city of Baltimore, we would like to extend you an invitation to have your organization to hold the next meeting and banquet in Hagerstown.

The hotel facilities and the hospitality of Hagerstonians cannot be discounted by any other town in western Maryland, and it is with a distinct pleasure that we extend to your organization through you an invitation to visit us.

Very truly yours,
Chamber of Commerce.
B. M. NEGLEY, *Secretary.*

Mr. G. W. Tyler, president of the Lions Club of Hagerstown assured the members that they were sure of an enjoyable evening if the invitation was accepted.

It was moved by Mr. Mattingly and seconded by Mr. Hougham that the above invitation be accepted. Date to be set by the Executive Committee.

A letter was received from Mr. Kehr, secretary of the A. I. L. A. requesting a contribution from the Maryland Association to assist in financing work of a national character.

Moved by Mr. Mattingly and seconded by Mr. Rosenfield that this letter be turned over to the Executive Committee with instructions that th s committee hold a meeting with the Association Council, Mr. Bryant; this committee to report back to the association at the next meeting. Mr. Hougham, Mr. Young, Col. Badger and Mr. Whitlock spoke at length on the above matter. On being put to a vote the above motion was carried, one opposing vote. Mr. Young voted "no."

Application for membership in the association was received from the following offices:

Frederick Small Loan Co., of Frederick, Md.

Commercial Service & Credit Co., of Cambridge, Md.

Franklin Credit Co., of Baltimore, Md.

Upon motion made by Mr. Whitlock and seconded by Mr. Mattingly the above offices were unanimously elected into the association.

The chairman appointed the following Nominating Committee:

Mr. Pumphrey, Mr. Whitlock, Mr. Young.

Upon returning to the room, th s committee nominated the following members for the Executive Committee:

H. T. Mattingly, chairman; C. A. Gardner, G. W. Tyler, E. M. Garren, R. T. Baseman, E. E. Hougham, J. J. Hamburger, W. H. Bishop, Jr., J. L. Rosenfield.

Upon motion of Col. Badger, seconded by Mr. Hood, the nominations were closed.

The above Executive Committee then elected the following for officers of the assoc ation for the ensuing year:

C. A. Gardner, chairman; G. W. Tyler, vice-chairman; E. M. Garren, secretary; R. T. Baseman, treasurer.

Mr. Burnett, chairman of the Virginia Association explained that in Virginia the chairman had the power to appoint vice-chairman in the different cities.

Mr. Whitlock moved that the M. I. L. A. empower their chairman to appoint several extra vice-chairmen to represent the association in cities outside of Baltimore. This motion was carried.

There being no further business to come before the association, upon motion duly seconded, the meeting was adjourned to meet again around the banquet table at the Emerson Hotel this evening at 7:00 p. m.

E. M. Garren, *Secretary.*

Thirteenth Annual Banquet, Maryland Industrial Lenders Association, May 15, 1928

Emerson Hotel, Baltimore, M. D.

Toastmaster

V. W. B. Hedgepeth

Speakers

Hon Wm. F. Broening, Mayor, Baltimore City.

Hon. David C. Weinbrenner, 3rd, Secretary of State for Maryland.

Hon. George B. Lockwood, Ed tor, National Republican; former Chairman, National Republican Committee.

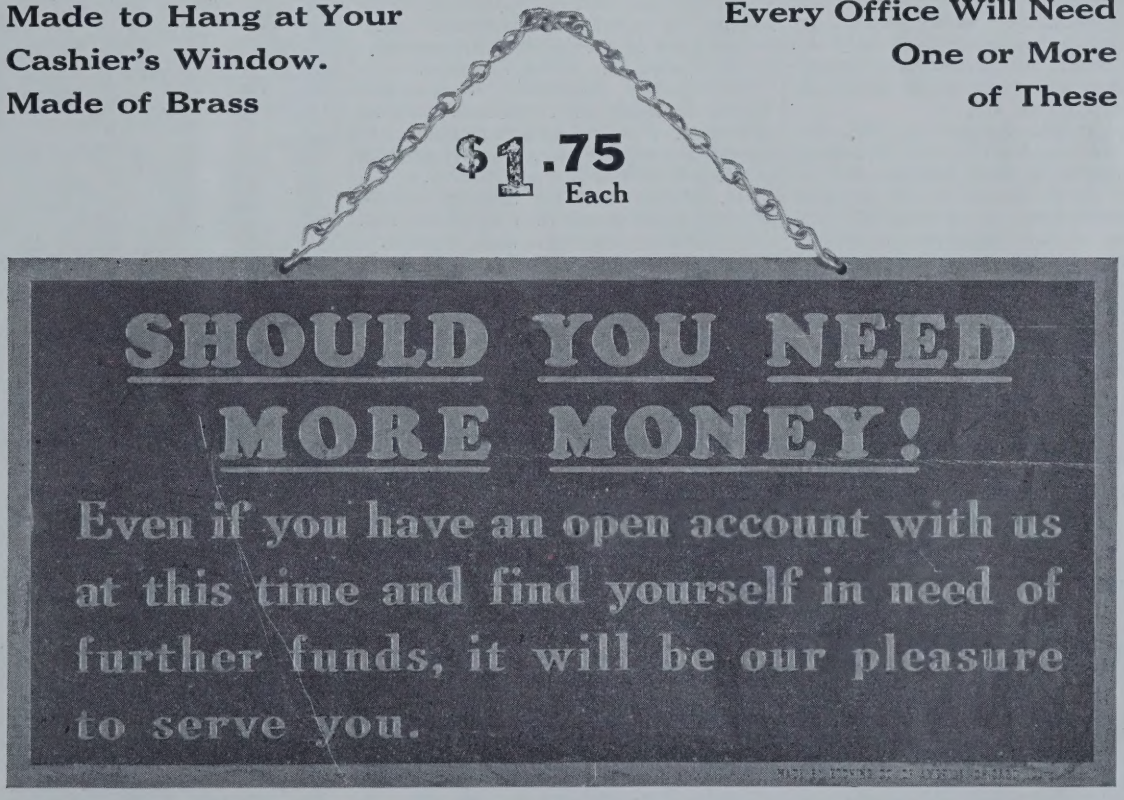
Hon. Louis T. McFadden, Author of McFadden Bill; Chairman of Committee on Banking and Currency of House of Representatives of U. S. A.

Hon. Howard Bryant, President, Baltimore City Council.

This Sign Will Increase Your Business

Made to Hang at Your Cashier's Window. Made of Brass

Every Office Will Need One or More of These


$1.75 Each
SHOULD YOU NEED MORE MONEY!
Even if you have an open account with us at this time and find yourself in need of further funds, it will be our pleasure to serve you.

(ACTUAL SIZE)

Can also be put under glass at window or desk

The William I. Marsh Company

229 W. Illinois Street **CHICAGO, ILLINOIS**

Complete Outfitters for Industrial Loan Offices, Forms, Advertising and Calculators

MENU

Fruit Cocktail
Celery Pickles Olives
Tomato Bisque
Breast of spring chicken with mushrooms
New string beans New potatoes parslied
Hearts of lettuce—Russian Dressing
Ice cream, fancy forms and colors
Assorted cakes
Demi Tasse

MUSIC

Earl Simpson's Plantation Orchestra.

ENTERTAINMENT

The Professional Boarder — Maryland Stewart.

A Frenchman's Version of the Garden of Eden—Ruth Bradley.

At the Baseball Game—Evelyn Hamilton Wood.

Isabelle Ringling?

FIFTH TRI-ANNUAL CONVENTION OF BROTHERHOOD OF RAILROAD TRAINMEN OF AMERICA

Loan Shark and Salary Buyer Evil

Following resolution adopted unanimously:

WHEREAS, There has long been conducted in Ohio and other states, especially in large railroad terminals, among members of the transportation organizations, an extensive business of making small loans to persons in need of funds to meet immediate necessities which persons are more or less irresponsible financially and who are unable to furnish endorsements or securities acceptable to banks and financial institutions, and

WHEREAS, The conduct of such loan business has long been a cause of general complaint working much hardship and injustice to poor borrowers, and in great many states there is no existing legal regulation of the business of making small loans that has proved effective for the protection of such borrowers and for the punishment of usurious money lenders, and the suppression of extortionate practices, and

WHEREAS, It is recognized that the business of lending money in small sums, repayable in weekly and monthly instalments, unsecured or upon substantial security, does exist and through public necessity for such loan service will continue, and that there exists a legitimate need for a law which will enable such loans to be obtained and the lenders to be licensed and supervised under proper restrictions and regulations; and

WHEREAS, It is desired to suppress the "Loan Shark and Salary Buyer Evil" by authorizing and regulating the conduct of the business of making small loans, upon fair and lawful terms, thereby inducing reputable money lenders to obtain state license; and

WHEREAS, There are other organizations interested in the abolishment of the so-called "Loan Sharks," namely the Russell Sage Foundation of New York City, the Better Business Men's Association of the various larger cities, the Legal Aid Societies, the Legitimate Loan Association and others. Therefore, be it

Resolved, That we coöperate with the above named organizations and that the various state legislative boards be and are hereby authorized to have introduced in their respective states, where there is no statute covering the business of making small loans, a bill regulating and supervising the business of small money lenders and back or support any bill that has for its purpose the putting out of business the so-called Loan Sharks or Salary Buyers who are not regulated by law and who would not operate under a Loan Act as the interest is too small for their character of business.

Signey by—

WM. RASEY (844), Ohio,
F. A. CURTIS (886), Montana,
C. H. KELLY (749), Massachusetts,
E. E. PARKER (152), Iowa,
R. C. OBJARTEL (830), Illinois.

Moved by Rasey (844), Ohio, and Bradley (450), Wisconsin, that the resolution be immediately adopted. Carried.

IOWA

The regular annual convention of the Iowa Industrial Lenders was held at the Fort Des Moines Hotel, Des Moines, Ia., on May the 25th, and what a convention that was.

If the venerable Daniel Webster could have been present, he would have added a whole page to his celebrated dictionary telling just how big a thing a convention could be. He never attended one like this was, for if he had, he wouldn't say a convention was just, "The act of coming together."

Registration was held at 9:30 and the meeting was called to order at 10:15, Vice Chairman Roth taking charge in the absence of Chairman Dehnert. Ben. Miller acted in the capacity of secretary, as Vic Boehm was unable to attend.

Mr. George Hamilton, of the Des Moines Chamber of Commerce, gave an address of welcome, and requested us to appoint a committee to bring the national convention to Des Moines in 1929.

Mr. Miller read the minutes of the previous meeting and then called the roll. The following members were present:

M. M. Bennett, Ames, Ia., Federal Finance Co.; W. Landmesser, Cedar Rapids, Ia., American Loan Co.; H. Robbins, Cedar Rapids, Ia., Cedar Rapids Loan Co.; H. Lutes, Cedar Rapids, Ia., Cedar Rapids Loan Co.; W. Glessner, Cedar Rapids, Ia., Cedar Rapids Loan Co.; A. Dolliver, Chicago, Ill., Beneficial Operating Bureau; W. Marsh, Chicago, Ill., William I. Marsh Co.; J. Cherniack, Council Bluffs, Ia., Iowa Loan Co.; J. Holmberg, Council Bluffs, Ia., Personal Finance Co.; H. Hunt, Clinton, Commonwealth Loan Co.; D. Renshaw, Davenport, Ia., Beneficial Loan Society; E. Schæffer, Davenport, Ia., Guaranty Loan Co.; F. Whiting, Davenport, Ia., Commonwealth Loan Co.; G. Hess, Davenport, Ia., Phœnix Loan Co.; R. Freese, Des Moines, Ia., State Loan Co.; F. Dunshe, Des Moines, Ia., Ill. Attorney; H. Jacobson, Des Moines, Ia., Phœnix Finance Co.; S. Gottlieb, Des Moines, Ia., Capitol Loan Co.; W. De Beaulieu, Des Moines, Ia., Des Moines Loan Co.; M. Alibers, Des Moines, Ia., M. Aliber & Co.; A. Werner, Des Moines, Ia., Beneficial Loan Society; R. Short, Des Moines, Ia., Equitable Loan Corp.; O. Van Hosen, Des Moines, Ia., Phœnix Finance Co.; J. Thompson, Des Moines, Ia., Phœnix Finance Co.; J. Brennan, Dubuque, Ia., Beneficial Loan Society; L. Klinger, Des Moines, Ia., Phœnix Finance Co.; B. Miller, Des Moines, Ia., Household Finance Corp.; H. Davidson, Des Moines, Ia., Globe Loan Co.; W. Cotton, Des Moines, Ia., Liberty Loan Co.; H. Schull, Des Moines, Ia., Federal Finance Co.; H. Hulling, Des Moines, Ia., Phœnix Finance Co.; T. Levitt, Des Moines, Ia., State Loan Co.; J. Kelso, Fort Dodge, Ia., Ft. Dodge Loan Co.; J. Babbitt, Indianapolis, Ind., Commonwealth Loan Co.; Ray Reynolds, Indianapolis, Ind., Commonwealth Loan Co.; C. Pine, Knoxville, Ia., C. L. Pine Co.; A. Breeding, Mason City, Ia., Security Loan Co.; P. Simon, Mason City, Ia., Security Loan Co.; G. Reibsmon, Marshalltown, Ia., Equity Loan Co.; G. Walker, Oskaloosa, Ia., People's Finance Co.; W. Martens, Oelwein, Ia., Iowa Finance Co.; H. Roth, Ottumwa, Ia., Liberty Loan Co.; E. Roth, Ottumwa, Ia., Liberty Loan Co.; R. Mulock, Sioux City, Ia., Beneficial Loan Society; L. Seff, Sioux City, Ia., State Loan Co.; L. Witmer, Sioux City, Ia., Provident Loan Co.; W. Haakinson, Sioux City, Ia., Mutual Loan Co.; F. Adams, Waterloo, Ia., F. Shanks Loan Co.; J. Shanks, Waterloo, Ia., F. Shanks Loan Co.; T. Harrison, Waterloo, Ia., State Loan Co.

Many members also brought their wives.

A motion was made and seconded that a committee be appointed to audit the books. The committee named was Mr. Glessner, Mr. Harrison and Mr. Aliber.

Mr. Harrison, Chairman of the Membership Committee, gave an interesting talk on what has been done in the past to secure new members.

A nominating committe of H. A. Hulling, Mr. Cherniack & Mr. Ribsamon was then named. After considerable discussion as to the value of a publicity committee, the following committee was named: Mr. Whitmer, Mr. Roth and Mr. Mulock.

Mr. Dunshee's talk on the Small Loan Co.'s victory in the tax question in Polk County was received with much applause.

Some discussion arose as to the registration fee at this time. Mr. Miller, Acting Secretary, made it quite plain that the fee was $5.00 and that there could be no compromise.

The meeting was adjourned to allow every one to partake of the delicious luncheon which was served in the oak room. We had an after dinner talk by a Des Moines real estate man, and believe me, if we are all sold on our business like he is on that story he told, we are all going to be successful.

The meeting was again called to order, and Mr. Whitmer gave us a talk on publicity and good will. Mr. Roth followed this up with a further talk on good will.

Mr. Harrison then told us some thing about those human devils—the salary buyers. He explained how they operate and how much time and money is being spent by the A. I. L. A. to drive them out. Following his suggestion, it was moved and seconded that the I. I. L. A. take some means to help the A. I. L. A. financially. That is the Iowa spirit. Always ready to help do our share.

Mr. Whitmer's talk on why the 3½ Law, was very interesting. Mr. Dunshee answered some one's question, How secure is the Small Loan Law in Iowa.

Election was then held and the following officers were elected for the ensuing year. T. J. Harrison of Waterloo, Chairman; Ben. J. Miller of Des Moines, Vice Chairman; Arthur H. Werner of Des Moines, Secretary; and William De Beaulieu of Des Moines, Treasurer.

The Executive Committee consists of T. J. Harrison, Ben Miller, Arthur H. Werner, William De Beaulieu, Mr. Hulling, Mr. Roth and Mr. Whitmer.

The meeting was agreeably surprised by a short address from Miss Beach of the State Banking Department.

Allan K. Dolliver of the Beneficial Operating Bureau then made a motion that we have a semi-annual meeting on the second Friday of October. This met with the approval of everyone and was unanimously seconded.

Tate Harrison wanted the 1929 convention to be held in Waterloo, Ia., so Waterloo it is on the second Friday in April. Tate sure can holler if he don't get what he wants, so there was no argument.

Mr. Dolliver then suggested an amendment to the code of ethics which reads as follows:

1. That it is the unanimous sense of the members of the association, it is for the best interest of the small loan business and equally so in the interest of each member that no member or his manager will attempt to dissatisfy the employee, attempt to take him from the employ of such competing member, except or unless he has first approached the management now employing him and obtain his consent to carry on such negotiations.

2. Provided further, that no member shall employ either directly or indirectly, any person who shall carry with him or her, any list, record, memorandum, or writing of names or addresses of customers belonging to the member by whom they have been previously employed, nor any other memorandum of information pertaining to the business of any member by whom they have been employed at any time with intent to injure the business of said former member employer.

3. Provided further, that no member shall allow any person in his or their employ to solicit the former or present customers of any other member, either by mail or in any other manner where such information upon which such solicitations is made, is the result of having employed an ex-employee of such other member.

It was moved and seconded that the amendment be adopted as read and the secretary was instructed to have new codes printed, containing the amendment.

There being no other unfinished business, the meeting was adjourned until 6:30 p. m., when an eight course banquet was served in the West Ball Room. Dutch Schmidt's entertainers put on sixteen specialty acts and were they good? If you have never seen any of Dutch's stuff you have missed the last word in entertainment. After the banquet, everybody danced to the red hot music of Paul Christiansen and his Victor Recording orchestra.

Everybody went home happy, and everybody is going to attend the semi-annual meeting in October.

ARTHUR H. WERNER, *Sec.*

COMMUNICATIONS

Los Angeles, Calif.
May 23, 1928.

MY DEAR MR. KEHR:

I am prompted to write you at this time due to a letter received from Murphy Finance Company, of Sioux Falls, S. Dakota, which is characteristic of a position assumed by a great many of the various loan companies throughout the East, who have from time to time sent accounts to this office.

The particular facts in this case, and which also apply to perhaps fifteen or twenty other cases during the past eighteen months, are as follows: The forwarding company addressed a letter to me forwarding a duplicate collection card, stating that I had been recommended to them by your office or by one of their affiliated companies as one who would get results on their skip accounts in this territory.

The fixed rule of this office is to answer all such letters requesting original papers be sent me at once and stating to the party the terms on which collection will be made, which in all cases are contingent on collection—no collection, no charge to the forwarder, then after preliminary work has been done, as in this case, and in other cases, after considerable work has been done and expense incurred, the maker of the note will either send money direct to the party from whom they borrowed or will communicate with them promising to make payment. Following this I receive a request to return the papers and discontinue work as they are now in a position to handle the account direct.

As you can readily see, this is a decidedly unfair situation to me, and I have lost considerable money as a result of it in the past, and I might say that companies who have adopted this practice have received their papers back, together with a refusal on my part to have any further dealings with them should they again have business in this section.

As you know, my time for many years has been devoted to the general practice of law, and I do not conduct a collection agency, but have handled all accounts which have been forwarded to me, by Eastern companies and appreciated the business, although I have refused to handle the ordinary local collection for clients in this city. My reason for this, as you know, dates back many years ago to a time when I was called upon to handle all of these accounts for some of my old personal friends and associates identified with the small loan business; as a result, this volume of business has gradually extended to almost every section of the Eastern part of the United States, and such cases as above mentioned have become a serious problem. The fact that I have been successful in rounding up these skip accounts is shown by the increased volume of business, together with many letters of appreciation in my files from the better class of men who are owners or managers of the various offices.

I am not blaming the owners of the offices who adopt this unfair practice, but believe that the managers themselves are responsible in their over-anxiety to make a showing for their office. Nevertheless, I feel that things have reached the point where I can present the facts to you and perhaps secure your coöperation in avoiding a reoccurrence of these things in the future. As to the cases which have come up in the past, the files are closed and I would prefer to keep them closed, as there is nothing to be gained by reopening those matters.

With kind personal regards and best wishes to yourself and all of the old friends of the A. I. L. A., I remain,

Very truly yours,
W. HALL CROWELL.

NEW YORK CITY COLLECTIONS

Members having accounts in New York City may like to try the services of Henry Salant, Attorney and Counselor-at-Law, Potter Building, 38 Park Row, New York City. He has rendered satisfactory service to some of our members, including the National Loan Society, Philadelphia, and the New Method Loan Co., Springfield, Mass., on the following basis: 50% of any amount collected and no fee if there are no results.

INDUSTRIAL LENDING

A Letter Concerning the National City Bank's New Move

Boston, May 14, 1928.

Frank P. Bennett, Jr.,
Editor United States Investor,
530 Atlantic Avenue,
Boston, Mass.

DEAR MR. BENNETT:

Your article on the "National City's New Move" is extremely interesting and well reasoned. All of us who want to see the small loans business soundly conducted, will watch the experiment to see how far the National City's experience checks up with the results heretofore obtained through research and study in this field.

As the vast majority of the American people need small loans; that is, loans of $300 or less, it is essential that the business be conducted as efficiently as possible, so that the interest charges to borrowers may be as small as possible.

The National City Bank starts with an initial advantage of cheap money. It will loan depositors' money which costs it perhaps 2 per cent or 3 per cent. The licensed lenders in the business loan stockholders' or investors' money which must cost at least 10 per cent.

Conversely, the overhead expense of a great bank, with its costly location and beautiful building, will be far more than that of the industrial lender who generally places his office on the second floor of an humble office building, where rent is cheap.

If the National City Bank allocates overhead to its personal loan department, its figures showing costs of operation will be intensely interesting.

The cost of making small loans is unavoidably high. To loan $100,000 against collateral is a short and quick transaction. Interest is discounted at the outset, and the loan is repaid in a large sum at the end. This takes about four entries. The $100 loan, repayable in ten installments, requires at least twelve entries, and in addition requires an original investigation and then, in certain cases, follow up letters if repayments are delinquent.

It takes a clerk just as long to draw a check for $100 as for $100,000; it takes an accountant as long to credit a payment of $10 as a payment of $100,000; if the clerical and overhead expense of handling the $100,000 loan is $10, it is bound to be something like $30 for the $100 loan,

which requires three times as many entries. But $30 cost on a $100 loan is 30 per cent, so that if the lender is to make any profit, his rate must be 36 per cent or 42 per cent per annum (3 per cent or 3½ per cent per month) as established by most small loan laws.

To draw any instructive comparison between the National City's new venture and the present licensed lenders, it will be necessary to divide the National City's loans into those over $300 and those under $300. The licensed lenders are licensed to loan only amounts of $300 or less. If the National City's average loan should prove to be $500, then it would not, for practical purposes, be in what we call the small loans business at all. A business with an average loan of $500 cannot be compared with one whose average is $100.

During the small loans legislation fight in 1916, Governor McCall asked the Boston banks if they could open small loans departments, and thus help the situation. Their reply was virtually unanimous to the effect that they did not believe they could afford to.

There has been an enormous improvement in the small loans business in the last decade. Legitimate capital has flowed into the field, and is loaned by responsible organizations in a clean, decent, and kindly way. Operating economies have been effected, and the check-up against waste is as close as in the well-run chain stores. No one has yet found any way to reduce costs much.

The cost in proportion to the small loans always sounds high when stated in terms of per cent, because it is natural to think of per cent as interest, and to consider interest as clear profit. In dollars, however, it sounds differently. A man may borrow $100 for a month for $3.50. A man may borrow $100 for ten months repayable in ten equal installments, and with interest computed on monthly unpaid balances, the cost is about $19.00.

If these expenses can be lowered, everyone will be happy. To get at the real truth takes careful and accurate cost accounting. I hope very much that you will follow the innovation and be able to tell us in six months or a year just how it figures out as a practical business proposition. Your analysis will throw much needed light on the economic problem of whether the small loans business should be conducted as a separate credit establishment (distinct from the bank as is installment credit selling which is conducted by separately established credit, finance, and acceptance companies), or whether it may better be conducted as an integral part of our regular banking structure.

Sincerely yours,
REGINALD HEBER SMITH.

—*United States Investor, May 26, 1928.*

[Mr. Smith is counsel for a "small loans" organization, and is one of the best-informed men on this subject.—EDITOR.]

TENNESSEE

The quarterly meeting of the Tennessee Industrial Lenders Association will be held at the Andrew Jackson Hotel, Nashville, Tenn., Thursday, June 7th.

Sessions begin at 10:00 o'clock; luncheon at noon, and an afternoon session.

It is very important that all members be present as matters of interest will be discussed.

G. B. LOVE, *Secretary.*

URGE BANK LENDING TO COMBAT "SHARKS"

Members of Ottinger Committee Suggest at Conference That Interest Be Increased

Thirty or more representatives of legitimate money-lending concerns attended State Attorney General Albert Ottinger's fourth "loan shark" conference yesterday at the Lotos Club, 110 West Fifty-seventh Street. Most of those who voiced suggestions for the relief of the small borrower, who has been the prey of the "loan shark," seemed to believe that the solution of the problem lay in increasing the legal rate of interest on small loans.

The theory was advanced that the present interest rate of 6 per cent was inadequate to interest sufficient capital in the business of making small loans, which are said to reach an aggregate of at least $350,000,000 annually in the State. It was suggested by others that all money-lending concerns be licensed by the State and also that savings banks be permitted to lend 2 per cent of their funds to small borrowers.

Former Judge Edgar F. Hazelton, of the sub-committee of the bankers' group, with whom Mr. Ottinger held the first of the conferences on the "loan shark" problem, made a partial report for that committee which, he said, had decided that the matter was solely a banking proposition which had been "woefully neglected" by the banks. He declared his sub-committee felt that, to make sufficient capital available, banking institutions that were willing to undertake small loans should be permitted to charge more than 6 per cent interest. He favored an amendment of the banking law to make this possible.

"If the savings banks could put 2 per cent of their money into small loans," Mr. Hazelton continued, "that would mean $80,000,000 more available each year. More persons of financial standing should be granted charters to do this work; that is the opinion of bankers who would extend credit to such chartered persons or concerns. These are the results of our committee's studies thus far. We shall hold other meetings."

Mr. Ottinger announced the appointment of P. A. Rowley, Chairman of the bankers' group subcommittee, as Chairman of the Committee of the Whole, which will be made up of subcommittees from the bankers', employers', labor, lending concerns, and social workers' groups. All these groups have conferred with Mr. Ottinger and named their subcommittees, with the exception of the social workers' group, which will confer with Mr. Ottinger next Monday afternoon.

The employers' group subcommittee was announced as follows:

Chairman, T. P. Sylvan, Vice-President New York Telephone Company; Earl Cox, President, Cox Baking Company; C. E. Eveleth, Vice President, General Electric Company; Michael Friedsam, President, B. Altman & Co.; Leo McCall, Secretary, New York Life Insurance Company; Charles S. Paulding, Vice President, New York Central Railroad Company; John Stilwell, Vice President, Consolidated Gas Company; Travis H. Whitney, Vice President, B. M. T., and Arthur Williams, Vice President, New York Edison Company.

Leon Henderson of the Russell Sage Foundation was made Chairman of the lending concerns' group subcommittee.

City Magistrate William McAdoo said the "loan shark" business had been so entrenched here that it was looked on as an institution and that rascality had been reduced to an art in the use and evasion of the law by making up a legal defense in advance. He said incidentally:

"All the gunnery that has been going on here is due to the army of young men who will not work. The mass of young criminals that have come before me has made me wonder if we have not been educating the head and not the heart of youth."

Louis S. Weiler, President of the New York State Credit Union League, complained that credit unions were not permitted to advertise. He said there were fourteen such organizations in the State which had loaned $24,000,000 in 1927.

Julius G. Ducas of the Hebrew Free Loan Association said the organization had loaned $1,200,000 last year and could have loaned ten times as much had it been advisable. No interest is charged by the association and its losses are now less than one half of one per cent, he said.

R. H. Riddleberger, counsel for the Morris Plan, Inc., said much of the trouble of the small borrower was due to his ignorance of the "misguided philanthropy" of his employer. He criticized employers for discharging borrowing employes.

Arthur H. Ham, President of the Provident Loan Association, favored higher rates of interest on chattel mortgage loans.

G. J. Badger, Vice President of the American Industrial Lenders' Association, with offices in Jersey City, advised a study of the situation in New Jersey, which he said was as free from "loan sharks" as any State. "Bootleg" lending, he declared, was like bootleg liquor, the stricter the law enforcement the higher the price.—*The New York Times, Tuesday, May 29, 1928.*

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Or a joke that will amuse,
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If the news is worth the while,
It may help to bring a smile,
Send it in.

VIRGINIA

The regular quarterly meeting of the V. I. L. A., was held at the George Mason Hotel, Alexandria, Va., Friday, April 20, 1928.

The meeting was called to order at 10:30 by Chairman Burnett.

The morning was consumed in a discussion of various matters for the welfare of the Small Loan Business, generally in Virginia, and several questions of importance were discussed, and definite action taken on them.

The meeting adjourned at 1 o'clock for luncheon. S. Lee Tucker, Chairman of the Entertainment Committee had provided a very enjoyable program and delightful luncheon which was served to the

members and guest in the banquet hall of the Hotel.

Several vocal selections were rendered by Mme. Coquelet, and after luncheon had been served, Tony, The Barber, amused the gathering with some very interesting and humorous stories. A very interesting talk was given by Prof. Knott, Director of the United States' Department of Commerce, and instructor of Georgetown University.

The meeting reconvened at 2:45, and constructive business sessions continued until 4:30, at which time the meeting was adjourned.

The next meeting is scheduled for Norfolk, Va., for July, the date of which will be fixed by Chairman Moore, of the Executive Committee.

L. E. Pope, *Secretary.*

HONEST MONEY LENDERS

To avoid confusion and the casting of undeserved onus upon the various sound and high-principled industrial money-lending institutions of the state, *The Dispatch* is glad to supplement its recent editorial on usury.

The lending of money on household and other chattels is strictly regulated in Ohio by the Lloyd Act, under which these concerns are licensed. The lenders also have an organization known as the Ohio Industrial Lenders Association, the object of which is to maintain and preserve the integrity of its members and to combat objectional elements in the money-lending industry. This type of institution is fully approved by the authorities and has an important place in the ecomonic system.

The leech on the body of the poor and unenlightened, of which *The Dispatch* complained, is the unlicensed, unscrupulous money-lender known as "salary-buyer," who, when once he fastens himself on a victim, lets go only when the victim is bled white. He has no standing at law and should be wiped out. Salary assignments constitute a legitimate business and fall under the regulations of the law, as practiced by licensed institutions without usury, but as practiced by the concerns complained of they constitute a real menace. Licensed concerns are legitimate and usually fair. Unlicensed ones are illegitimate and usurious. The borrowers should keep this in mind when doing business with lenders.—*Columbus Dispatch, May 30, 1928.*

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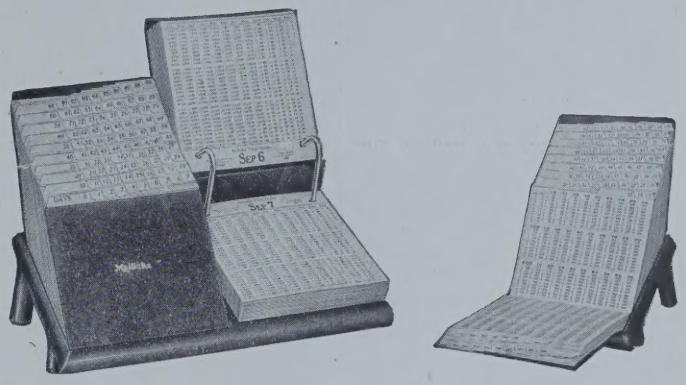

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MEETING SCHEDULE

NEW JERSEY—Long Branch, June 7.

TENNESSEE—Nashville, June 7.

CONNECTICUT — Double Beach, June 20.

MASSACHUSETTS—Boston, July 18.

RHODE ISLAND—Providence, July 19.

OHIO—Cedar Point, July 25, 26, 27.

ILLINOIS—Chicago, July 26.

GEORGIA—Atlanta, July 27.

PENNSYLVANIA—Reading, August 10.

WEST VIRGINIA—Charleston, August 10.

MICHIGAN — National Convention, Grand Rapids, September 19, 20, 21.

INDIANA—Shelbyville, November 14.

A. I. L. A. YEAR BOOKS

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